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**BRANDISHING THE ECONOMIC WEAPON: A STUDY OF UNITED STATES  
ECONOMIC WARFARE AGAINST JAPAN, 1940 - 1941**

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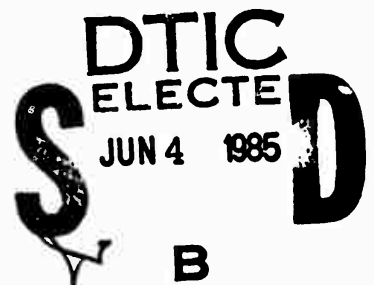
**Submitted to the University of Texas at Austin**

**in Partial Fulfillment**

**of the Requirements**

**for the Degree of**

**MASTER OF ARTS**



BRANDISHING THE ECONOMIC WEAPON: A STUDY OF UNITED STATES  
ECONOMIC WARFARE AGAINST JAPAN, 1940 - 1941

APPROVED:

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To My Wife and Son



BRANDISHING THE ECONOMIC WEAPON: A STUDY OF UNITED STATES  
ECONOMIC WARFARE AGAINST JAPAN, 1940 - 1941

BY

RANDY JAY KOLTON  
CAPTAIN, INFANTRY, U.S. ARMY

THESIS

Presented to the Faculty of the Graduate School of  
The University of Texas at Austin  
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THE UNIVERSITY OF TEXAS AT AUSTIN

~~May~~ 1985

26 APRIL

## PREFACE

During the 1930's, Americans in the grip of the Great Depression and disillusioned with the deteriorating international situation, supported neutrality laws and minimal diplomatic activity to avoid becoming embroiled in foreign wars. Beginning with Japan's invasion of China in 1937 and continuing with the outbreak of World War II, the Roosevelt administration and the majority of Americans could not ignore the plight of friendly nations nor overlook foreign threats to American interests. Even as China, Britain and France struggled for survival, however, Americans supported only measures short of war, wishing to aid friendly nations while avoiding involvement in hostilities. The Roosevelt administration responded to these conflicting goals by pursuing policies many critics have described as confusing, devious and ineffective.

Historians examining United States Far Eastern policy prior to Pearl Harbor have emphasized the nation's devotion to the open door in Asia and resistance to Japanese expansion. They have also stressed American and Japanese political and military decisions leading to the Japanese attack on Pearl Harbor. Most scholarly efforts have

inadequately explored the Roosevelt administration's program of economic warfare against Japan during 1940 and 1941 and how it influenced the direction of American - Japanese relations during those crucial years.

From President Jefferson's commercial embargoes during the Napoleonic wars to the Confederacy's effort to embargo cotton during the Civil War, and, most recently, when President Carter embargoed wheat to the Soviet Union in 1980, the American experience in economic warfare has been unsuccessful. The Prussian soldier-philosopher, Carl Vom Clausewitz once wrote war is a continuation of politics through other means. If this is true, as it is widely believed to be, then economic sanctions are more than a form of diplomatic pressure: They are a form of warfare.

What, then, was the Roosevelt administration endeavoring to accomplish when it employed sanctions against Japan? Was it trying to deter Japan from attacking British, Dutch, and American territories? Was it trying to encourage Japanese leaders to negotiate? Was it trying to undermine Japan's military and economy? Or was it seeking to use symbolic gestures to mobilize Americans to support more interventionist foreign policies? The answers to these questions are linked to Roosevelt's styles of leadership and administration, rivalries among his lieutenants, conflicts among government agencies, public opinion, and interplay

between diplomatic and military policies. These were the crucial forces influencing the Roosevelt administration's handling of the Japanese threat.

\* \* \*

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Austin, Texas

RJK

26 April 1985

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## INTRODUCTION

At 7:55 AM, December 7, 1941, one hundred ninety carrier based Japanese aircraft struck at American military installations in and around Pearl Harbor. Along with a second wave of one hundred seventy aircraft, the attacks lasted two hours, killing 2403 Americans and wounding another 1178.<sup>1</sup> As the first bombs struck their targets, a duty officer in Washington, D.C. decoded a message from Admiral Husband E. Kimmel, Commander of the Pacific Fleet: "Air Raid on Pearl Harbor, This Is Not A Drill!"<sup>2</sup> Upon hearing the news a shaken Franklin Roosevelt turned to Harry Hopkins and described how he had tried to avoid this moment.

Indeed, for more than two years the Roosevelt administration relied on a series of economic sanctions against Japan to support American interests in the Far East. As Fleet Admiral Nagano, supreme naval advisor to the Emperor, once said:

One of the large causes of the war was the question of oil...not only the two services but the civilian elements were extremely interrelated, because after the United States, Britain, and the Netherlands refused to sell anymore oil, our country was seriously threatened by the oil shortage. Consequently, every element in Japan was keenly interested in the southern regions.

For over four decades, political scientists, historians, and public officials have debated Japan's attack on Pearl Harbor and the role Roosevelt's economic policies played

in precipitating hostilities. According to former Secretary of War, Henry L. Stimson, government policies were founded on the mistaken belief the Japanese, however wicked their intentions, had the good sense not to get involved in a war with the United States.<sup>4</sup> Former State Department official George Kennan argues that if Roosevelt wanted to avoid war with Japan, he would have pursued policies different from those employed.<sup>5</sup> If the President had accepted Japan's domination of China and allowed oil and other raw materials to fuel Japan's war machine, historian Robert Dallek contends, the American people would have condemned him for cynical power politics, weakening the nation's resolve to confront fascist power outside the Western Hemisphere.<sup>6</sup> Indeed, throughout 1940 and 1941, congressmen, the media, and the public generally supported administration policies against Japan.<sup>7</sup> Historian Gordon Prange explains Japan would have expanded in the Far East even if the United States had not frozen Japanese assets and embargoed oil.<sup>8</sup> Other historians, such as Charles Beard, John Toland, and Bruce Russett present opposing views, emphasizing Roosevelt's devious and even conspiratorial intent to use the Pacific conflict to involve the nation in war.<sup>9</sup> Meanwhile, Japanese historian Nobutaka Ike views American actions as part of a deterrence policy that failed because Japan was willing to take risks.<sup>10</sup>

These arguments inadequately address how American economic policy toward Japan evolved in 1940 and 1941 and fail

sufficiently to present other options the administration could have pursued. The historical record is replete with vivid descriptions of advisors and executive agencies, quarreling over American Far East interests, the ways to defend those interests, and the effects of economic warfare against Japan on those interests. Though bureaucratic infighting contributed to imprecise policies, it is unclear whether other efforts would have succeeded. Possibly the administration would have caused Japan to attack American, British, and Dutch territories before December 7, 1941. A study of these issues offers insight into the larger question of the value and limitations of economic warfare in diplomacy.

The architect of American economic warfare against Japan was President Franklin D. Roosevelt. Committed to no one person, ideology or program, he could be bold or cautious, informal or dignified, cruel or kind, urbane or almost provincial, impetuous or temporizing, and Machiavellian or moralistic.<sup>11</sup> One time advisor Rexford Tugwell maintains Roosevelt, "deliberately concealed the processes of his mind. He would rather have posterity believe that for him everything was always plain and easy...than ever to admit to any agony or indecision...any misgivings about mistakes."<sup>12</sup> Another long time advisor, Interior Secretary Harold Ickes explains the President believed "you keep your cards close up against your belly. You never put them on the table."<sup>13</sup> The difficulty in understanding Roosevelt and his policies is accentuated by his

relish for embellishing symbols and gestures rather than direct, unambiguous foreign and domestic policies.<sup>14</sup>

Early in his administration, Roosevelt established a routine followed throughout his presidency: at 5 PM each afternoon he met with his staff and summarized the day's events; on Fridays he met with his Cabinet; and on Tuesdays and Fridays he conducted 15 to 30 minute press conferences around his desk.<sup>15</sup> His staff and advisors found, according to historian Arthur Schlesinger, Jr., the President "deliberately organized -- or disorganized -- his system of command to insure that important decisions were passed to the top." His favorite technique was "to keep grants of authority incomplete, jurisdiction uncertain, charters overlapping."<sup>16</sup> The result of this style, Schlesinger judges, was "often confusion and exasperation on the operating level; but no other method could so reliably insure that in a large bureaucracy filled with ambitious men eager for power the decisions, and the power to make them, would remain with the President."<sup>17</sup>

On September 8, 1939, Roosevelt signed an executive order, consolidating and integrating executive agencies in the executive branch and establishing the Executive Office of the President. This action reflected the President's desire to control the various executive agencies, particularly those related to defense issues. By creating new offices rather than expanding the responsibilities of the Cabinet departments, Roosevelt was able to bring new people into the

government, increase the bipartisan makeup of the administration, and negate congressional opposition to increasing the authority of the permanent Cabinet departments.<sup>18</sup> By 1941, the President created seventeen additional offices overseeing foreign economic policies and defense matters.<sup>19</sup> Though he expected to use an expanded personnel staff to reduce the increased workload of overseeing the new agencies, the President's expansion of the executive branch duplicated bureaucratic efforts, encouraged inter-agency conflicts, and exacerbated personal rivalries.<sup>20</sup>

As the world situation worsened, Roosevelt relied on a seasoned Cabinet Stimson described as a "briar patch of rivalries and differences."<sup>21</sup> While agreeing that fascism threatened American interests, the President's advisors disagreed sharply on how to protect those interests. Treasury Secretary Henry Morgenthau, Roosevelt's Dutchess County neighbor, was a fussy, thin-skinned, morose, and an occasional nuisance, yet the President appreciated his loyalty and convictions.<sup>22</sup> During this period, Morgenthau was a leading advocate of firmness against Japan. Ailing Secretary of State Cordell Hull, long time advocate of Wilsonian ideals, free trade, and diplomacy, served as a link between the White House and southern Democrats. Roosevelt often ignored Hull's opinions or bypassed him, preferring to conduct personal diplomacy.<sup>23</sup> Joining Morgenthau in support of tough sanctions against Japan, Interior Secretary Harold Ickes was a

curmudgeon constantly attempting to expand his influence in the administration while routinely offering to resign when the President rebuked his ideas.<sup>24</sup> Until 1940, Roosevelt allowed ineffective men to serve as service secretaries. On June 19 of that year, with Europe at war and a national election approaching, he appointed Republican Henry L. Stimson and Frank Knox as Secretaries of War and Navy, respectively.<sup>25</sup> With these appointments, the President organized the Cabinet that he would rely on to develop Far East policies for the subsequent two years. Along with other administration officials and bureaucrats, these individuals designed and carried out the administration's economic warfare against Japan.

Among the various executive departments, internal and external bickering significantly affected foreign and military policies. A State Department hardliner, Far East expert Stanley Hornbeck routinely disputed the views of his more moderate associates, Secretary of State Cordell Hull, Undersecretary of State Sumner Welles, Japanese expert Joseph Ballantine, and Chinese expert Maxwell Hamilton. Despite his caustic relationships with his superiors, Hornbeck possessed enormous prestige and influence in the administration.<sup>26</sup> Because Roosevelt believed the State Department was too rigid and conservative, he habitually distributed responsibilities for foreign affairs among various agencies and individuals.<sup>27</sup>



Imprecisely defined interests characterized American Far Eastern policy during the pre-war years. In a letter to Vice-President Gardner on January 8, 1938, Hull' outlined American concerns as extending beyond distress over the safety of nationals living in the Far East; they included the administration's deep concern for supporting "the preservation and encouragement of orderly processes."<sup>28</sup> Missing from this explanation was his annunciation of America's vital interests; a discussion of the persons, places, and ideas the United States would use military force to protect. Hull's elusiveness reflected a desire to obscure specific responses to the actions of potential adversaries, and through such vagueness, breed restraint. While such a method had validity, it heightened administration muddle.

Though the United States Army and Navy were important in supporting American foreign policy, the administration rarely involved top military leaders in policy making. Still, Roosevelt enjoyed playing Commander-in-Chief and felt particularly close to the navy. His boyhood interests in ships and sea power, his family's involvement in the 19th Century China trade, his admiration for his cousin Theodore Roosevelt, and his experiences as Assistant Secretary of the Navy in the Wilson administration, reinforced the President's interest in the navy and the military.<sup>29</sup>

Despite presidential support, the United States Navy of the 1930's was a dispersed organization with civilians

controlling construction and procurement and uniformed personnel supervising strategy and training. This shared responsibility reflected Roosevelt's penchant for dividing authority, and it exacerbated internacine strife.<sup>30</sup> Chief of Naval Operations Harold Stark, who assumed his position in August 1, 1939, was a personal friend of the President and attempted to use this relationship to increase his influence in national policy making.<sup>31</sup>

In contrast to the navy, the United States Army during the interwar years was America's neglected service. Though the National Defense Act of 1920 called for an active strength of 280,000 men, the actual size was closer to 165,000 soldiers until September 1939, when the government increased it to 190,000 men.<sup>32</sup> Because existing forces were dispersed throughout the United States and in a few small overseas garrisons, army leaders were unable to plan for major deployments of ground forces in support of naval operations.<sup>33</sup> Furthermore, many army officers harbored condescending views of the Japanese while concurrently fearing them as a mysterious people.<sup>34</sup> Such racist sentiments tainted the intelligence estimates and degraded the army's formulation of Far East war plans.

Because the navy was capable of attacking foreign shores it was American's first line of defense and, as such, naval leaders viewed their missions as protecting Americans at home and abroad, insuring the integrity of China, safeguarding

American interests in the Pacific, and defending the freedom of the seas.<sup>35</sup> In an estimate prepared on April 15, 1940, naval analysts emphasized Japan's territorial conflict with Britain, France, and the Netherlands, and stressed the United States dependence on several critical and strategic raw materials from the Far East.<sup>36</sup> If the Japanese were allowed to control the region, the navy argued, they could cut America off from these supplies and force the United States to rely on Japanese businesses and transportation to receive them.<sup>37</sup> The reports also reiterated the State Department's criticism of Japan's violations of the Nine Power Treaty, unprovoked attacks against Chinese combatants, destruction of American lives and property, and the disruption of American commercial activities in China.<sup>38</sup> Though the navy defined American interests more precisely than any other government agency, naval officers betrayed a racist view of the American position in the region, judging that if Japan reduced the power of Britain and France in Asia, the United States would stand practically alone as the champion of the "white race" in the Far East.<sup>39</sup>

Besides lacking the special relationship with the President the navy enjoyed, army leaders followed a long standing tradition of steering clear of involvement in political decisions and viewed their principal missions as providing for hemispheric defense and protecting American territories and lives abroad.<sup>40</sup> Between 1935 and 1936, Chief of Staff

General Malin Craig was reluctant to question administration policy and insisted before Congress that the army would carry out its missions as a small, highly efficient, well equipped force.<sup>41</sup> By June 1939, Craig recognized that foreign threats necessitated a larger army and, while urging Congress to approve funds for this purpose, he emphasized any additional sums would take at least two years to take effect.<sup>42</sup>

While German forces punched through meager Polish resistance on September 1, 1939, General George C. Marshall, a quiet, self-assured career officer became Chief of Staff. A superb administrator and planner, Marshall recognized the need to strengthen the army and he immediately endeavored to convince the President and his advisors to enlarge the nation's ground and air forces.<sup>43</sup> On May 13, 1940, he spelled out to Roosevelt the importance of increasing army strength to 750,000 men by December 31, 1941, demonstrating that he was an advisor to whom the President should listen.<sup>44</sup>

As they considered ways to safeguard American security, army and navy leaders agreed they were unprepared to defend United States or allied territories abroad. Many civilian advisors, unacquainted with military requirements and condescending towards the Japanese, believed the nation's forces were adequate to deter Japanese aggression. This reflected the administration's ineffectual integration of foreign and military policies.<sup>45</sup> Ironically, Roosevelt had recognized the importance of such coordination as Assistant

Secretary of the Navy. In 1919, he had proposed regular meetings of officials from the State, War, and Navy departments.<sup>46</sup> Similarly, he had supported on April 4, 1938, recommendations of the service secretaries and the Secretary of State for the creation of a committee to coordinate policies. Nevertheless, the President feared close coordination might diminish his control over final decisions and, through leaks of administration policy to the press, might incite his political opponents.<sup>47</sup>

Besides this ambivalence over closer coordination among Cabinet departments, Roosevelt distrusted the military. Perhaps this reflected his disagreements with MacArthur in the early 1930's or his confidence that eight years service as Assistant Secretary of the Navy gave him the skills to supervise military matters. Nonetheless, in May 1940, he told Morgenthau "you can't ever take the word of the Admirals or the Generals, they will ring in money for a brass band or something else."<sup>48</sup>

The military's lack of credibility was partly its own doing. With deep seated rivalries between the two services often assuming tragic proportions, Secretary of War Henry Stimson attributed this problem to the peculiar psychology of the navy's leadership that seemed to retreat from the realities of logic in a dim "religious world" in which Neptune was God, Mahan his prophet, and the United States Navy the only true Church.<sup>49</sup> This was revealed in

1942 when the navy initially refused to share the new Pentagon building with the army; preferring, instead, to have its own facility.<sup>50</sup> While at times humorous, this rivalry contributed to military unpreparedness. In the spring of 1940, for instance, General Marshall had to go to Hawaii to convince the navy to agree to join maneuvers.<sup>51</sup>

This inveterate strife between the army and the navy, juxtaposed against disagreements among executive agencies and bickering among presidential advisors, accentuated deficiencies in United States economic warfare against Japan. While many of the President's lieutenants believed during 1940 and 1941 that economic sanctions served various purposes in support of American Asian interests, they failed to grasp the limitations of the measures.<sup>52</sup>



## ENDNOTES TO INTRODUCTION

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- <sup>3</sup> Jerome B. Cohen, Japan's Economy in War and Reconstruction (Minneapolis, Minnesota: University of Minnesota, 1949), p. 133.
- <sup>4</sup> Henry L. Stimson and McGeorge Bundy, On Active Service in Peace and War (New York: Harper and Brothers, 1947), p. 385.
- <sup>5</sup> George F. Kennan, "World War II: 30 Years After," in Survey V. 21 (Winter-Spring 1975), p. 30.
- <sup>6</sup> Dallek, Roosevelt and American Foreign Policy, p. 531.
- <sup>7</sup> Wayne S. Cole, "The Role of the U.S. Congress and Political Parties," in Pearl Harbor as History: Japanese-American Relations, 1931-1941, edited by Dorothy Borg and Shumpei Okamoto (New York: Columbia University Press, 1973), p. 317.
- <sup>8</sup> Gordon W. Prange, The Untold Story of Pearl Harbor (New York: McGraw-Hill Book Co., 1981), p. 170.
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- <sup>10</sup> Nobutaka, Ike, ed., Japan's Decision for War: Records of the 1941 Policy Conferences (Stanford, California: Stanford University Press, 1967), p. xxvi.
- <sup>11</sup> James MacGregor Burns, The Soldier of Freedom (New York: Harcourt, Brace, Javanovich, Inc., 1970) p. 9; James MacGregor Burns, The Lion and the Fox, 1882-1940 (New York: Harcourt, Brace, and World Inc., 1955), pp. 186-199; Joseph P. Lash, Roosevelt and Churchill 1937-1941, The Partnership that Saved the West (New York: W. W. Norton and Company, Inc., 1976), pp. 124, 302-303; Robert A. Divine,

Roosevelt and World War II (Baltimore, Maryland: John Hopkins Press, 1969), pp. 8-10, 20-23.

<sup>12</sup> Rexford Tugwell cited in Dallek, Roosevelt and American Foreign Policy, p. vii.

<sup>13</sup> Harold L. Ickes cited in Dallek, Roosevelt and American Foreign Policy, p. vii.

<sup>14</sup> Dallek, Roosevelt and American Foreign Policy, pp. 529-530.

<sup>15</sup> Ibid., p. 59.

<sup>16</sup> Arthur M. Schlesinger, Jr., Crisis of the World Order, 1919-1933 (Boston, Houghton Mifflin, 1957), pp. 12-15, 147-441.

<sup>17</sup> A. J. Wann, The President As Chief Administrator: A Study of Franklin D. Roosevelt (Washington, D.C.: Public Affairs Press, 1968), pp. 113-117.

<sup>18</sup> Ibid., pp. 121-122.

<sup>19</sup> Ibid., pp. 119-120.

<sup>20</sup> Ibid., pp. 125-127.

<sup>21</sup> James MacGregor Burns, Soldier of Freedom, p. 23.

<sup>22</sup> Ibid., pp. 8, 21.

<sup>23</sup> Ibid., p. 39.

<sup>24</sup> James MacGregor Burns, Roosevelt: The Lion and the Fox, 1882-1940, pp. 149, 173, 327, 372.

<sup>25</sup> Elmer Harvey Harrelson, "Roosevelt and the United States Army, 1937-1940: A Study on Challenge-Response," (Unpublished dissertation, University of New Mexico, 1971), pp. 126-129; Joseph P. Lash, Roosevelt and Churchill, p. 170; Harold L. Ickes, The Secret Diary of Harold L. Ickes, Vol. II: The Inside Struggle, 1936-1939 (New York: Simon and Schuster, 1954). p. 719.

<sup>26</sup> James C. Thomson, "The Role of the Department of State," Pearl Harbor as History: Japanese-American Relations, 1931-1941, edited by Dorothy Borg and Shumpei Okamoto (New York: Columbia University Press, 1973), pp. 82-84, 87, 90-91, 105; Russell D. Buhite, "The Open Door in Perspective: Stanley K. Hornbeck and American Foreign Policy," in Makers of

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34 Ibid., p. 167.

35 Waldo Heinrichs, "Role of the Navy," pp. 201-202; Fred C. Greene, "The Military View of American National Policy: 1904-1920," American Historical Review (January, 1961), pp. 363, 374-375; Louis Morton, "War Plan Orange," World Politics (January, 1959), p. 243.

36 United States Navy, Annual Estimate of the Situation of the Chief of Naval Operations for the Fiscal Year 1942, approved 1940 (Washington, D.C.: Naval Archives, R680), pp. 20, 47-1:

Strategic Materials: Materials essential to national defense. The nation depends on sources outside of the continental limits of the United States and for which strict conservation and distribution control measures are necessary.

Critical Materials: Materials essential to the national defense. Procurement problems in war, while difficult, are less serious than those of strategic materials because they can be either domestically produced or obtained in more quantity or have a lesser degree of essentiality.

37 Ibid., p. 20.

38 Ibid., pp. IV 17-I V 18.

39 Ibid.

40 Weigley, "Role of the War Department," pp. 166-168; Greene, "Military View of American National Policy," p. 367.

41 Elmer Harrelson, "Roosevelt and the United States Army," pp. 124, 126.

42 War Department, Annual Report of the Secretary of War, 1939, p. 35.

43 James MacGregor Burns, Soldier of Freedom, p. 85; Russel Weigley, "Role of the War Department," p. 178; Mark S. Watson, Chief of Staff and Prewar Plans and Preparations (Washington, D.C.: Government Printing Office, 1950), p. 26.

44 General Marshall's briefing described by Morgenthau, 13 May 1940 in The Presidential Diaries of Henry Morgenthau, 1938-1945, (Maryland: University Publications of America), Book 1, p. 529.

45 Weigley, "Role of the War Department," p. 167; U.S. Congress, Joint Committee on the Investigation of the Pearl Harbor Attack, Pearl Harbor Attack Hearings, 79th Cong., 1st Sess., 79th Cong., 2nd Sess, 39 parts (Washington D.C.: U.S. Government Printing Office, 1946), part 33, p. 785. According to Stanley Hornbeck, the Army Chief of Staff and Chief of Naval Operations met sporadically with State Department officials. He implied that coordination was unorganized.

46 Roosevelt cited in Elmer Harrelson, "Roosevelt and the United States Army," p. ix.

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48 Roosevelt to Morgenthau, 13 May 1940, Presidential Diaries of Henry Morgenthau, Book 2, p. 529. See Roosevelt's comments to Knox on 8 November 1941 as a further example of these sentiments, Elliot Roosevelt, ed., FDR: His Personal Letters, 1928-1945, p. 1235. William Manchester, American Census: Douglas MacArthur, 1880-1964 (New York: Dell Publishing Company, 1978), pp. 169-175.

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## 1. EVOLUTION OF A POLICY

On April 9, 1940, Germany invaded Denmark and Norway, ending months of inactivity. While Britain and France struggled for survival, Roosevelt denounced the totalitarian aggression. "Old dreams of universal empire are again rampant," he told a crowd on April 15 gathered in honor of Pan American Day, "this is not of mere academic interest. We know that what happens in the old world directly and powerfully affects the peace and well being of the new."<sup>1</sup> By May 10, German forces advanced into Belgium, Luxembourg, and Holland, and began their assault against France. In the Pacific, the Japanese continued their war in China, established a puppet regime in Nanking, and through discriminatory laws, gradually squeezed Western business out of occupied China. In April, the United States told Japan it was committed to the open door in China and to free access to Asian raw materials, and it would view any change in the Far East status quo as inimical to peace in the Pacific.<sup>2</sup>

The administration had to choose how it would deal with aggression. Since 1933, when he first took office, the President observed the gradual erosion of international stability. The world depression and the rise of the dictators destabilized the fragile balances of power in Europe and Asia. While European democracies resorted to appeasement to shore



up the deteriorating situation, the American people grew wary of pursuing a similar course. The 1930's were years of American indecision in foreign policy. While the Roosevelt administration imprecisely defined vital interests and was unprepared to defend them with force, it demonstrated a devotion to techniques that had come to characterize American foreign policy during the twentieth century. There were American allegiances to moralistic and legalistic approaches to diplomacy that collided with the conflicting philosophies embodied in isolationism and internationalism. There was Congress's jealous hold on constitutional powers giving it influence in foreign policy, juxtaposed against the President's desire for discretion in dealing with the aggressors. In this context, economic warfare evolved as a means to safeguard American interests and exhibited the ambiguities typifying American foreign policy prior to World War II.

On January 17, 1933, Roosevelt met with outgoing Secretary of State Henry Stimson. The newly elected President endorsed the Hoover administration's policy of nonrecognition of Japanese conquests and he told the press "American foreign policy must uphold the sanctity of international treaties. This is a cornerstone on which all relations between nations must rest."<sup>3</sup> The Hoover administration pursued this course in the fall of 1931 in response to Japan's invasion of Manchuria. Secretary of State Stimson suggested the United States rely on collective economic sanctions or collective diplomatic

pressure against Japan.<sup>4</sup> Hoover viewed economic sanctions as an act of war and, with military leaders maintaining a war in China could not be won in less than four to six years, he supported moral pressure.<sup>5</sup> Barred from employing economic pressure, Secretary of State Stimson advocated a dual course of moral pronouncements and threats of retaliation.<sup>6</sup>

After his inauguration on March 4, 1933, Roosevelt faced a worsening Asian situation. During that month, Japan withdrew from the League of Nations and American observers, such as Ambassador Joseph Grew in Japan, noted Japan's powerful military forces would make any future negotiations difficult.<sup>7</sup> Roosevelt relied on inaction and nonprovocation to maintain peace. More concerned about domestic affairs, Roosevelt permitted Hull and the State Department to oversee Far East affairs.<sup>8</sup>

When Eige Amau, a spokesman for the Japanese Foreign Office, announced in April, 1934, Japan's opposition to foreign technical, financial, and military assistance to China on the grounds the China situation was an internal Japanese matter, Hull simply reiterated Japan's obligations to China and the other nations with interests in the region under the Nine Power and Kellogg-Briand Treaties. He rejected using force and opposed joining with other nations in a collective arms embargo against Japan.<sup>9</sup> Besides pervasive American isolationist sentiment against taking firmer action, American interests did not seem sufficiently threatened.<sup>10</sup> "The

principles of our Far East policy and our ideals with regard to world peace may be further scratched and dented...and our trade prospects may be further impaired," Far East expert Stanley Hornbeck explained, "but from the point of view of raw material interests there is nothing there that is vital to us."<sup>11</sup> Hence, the administration relied on imprecise pronouncements to protect obscure interests.

After his election victory in 1936, Roosevelt increased efforts to reduce global tensions and to protect America's foreign interests. At the Buenos Aires Conference in December, 1936, United States and Latin American representatives developed the nebulous concepts of collective neutrality and collective non-belligerency as ways to increase hemispheric security. These notions appealed to the President who was searching for indirect and noncommittal approaches to greater international cooperation. During the spring, he suggested to foreign dignitaries and his aides sponsoring an international conference to present these two initiatives. Furthermore, to minimize Far East tensions, Roosevelt considered asking the European powers and Japan to join with the United States in disarming and neutralizing strategic Pacific territories, including the Philippines, Shanghai, Hong Kong, and Dutch East Indies.<sup>12</sup>

The President's hopes were dashed when fighting broke out between Chinese and Japanese forces at the Marco Polo bridge on July 7, 1937. As he often looked to personal

experiences to validate his views on issues, Roosevelt had been deeply affected by his talks in 1902 with a Japanese classmate at Harvard, who outlined Japan's territorial and economic goals.<sup>13</sup> As assistant secretary of the navy, he came to believe, like so many naval officers, that Japan, one of three maritime powers in the Far East, was America's most likely future adversary.<sup>14</sup> These attitudes and his sympathy for the Chinese convinced Roosevelt in early July that the United States could not sit placidly by while a brutal military dictatorship allied with Nazi Germany and fascist Italy moved to bring the immense resources and the power of China and of Southeast Asia under its control.<sup>15</sup>

Roosevelt directed advisor Clark Eichelberger to investigate possible economic and diplomatic measures the United States could take. After considering options the administration previously shelved, Eichelberger recommended at the end of July the establishment of a comprehensive program that would provide for "far reaching economic measures, drastic disarmament, and the renovation of the existing peace machinery." He also stressed that since the success of any program required international cooperation to sever trade relations with the aggressors, the United States should extend the principles of collective non-belligerency and collective neutrality to the European democracies.<sup>16</sup> Besides restating Roosevelt's ideas of the previous spring, Eichelberger reintroduced the concept of economic sanctions that the State

Department had studied in the spring of 1937. At that time, a State Department committee considered the effects of restricting raw material exports to Japan as a punitive measure. It concluded "immediate restrictive action would not be required nor justified."<sup>17</sup>

Presidential advisors debated throughout the summer the best course of action. Far East expert Stanley Hornbeck and economic advisor Irving Fisher supported using sanctions to restrain Japan.<sup>18</sup> Unsupportive of such a move, Hull gave numerous speeches reaffirming America's commitments to the Nine Power Treaty and to China.<sup>19</sup> Roosevelt felt action was necessary and he sent a private message to British Prime Minister Neville Chamberlain suggesting some form of collective action.

By mid-August, the President came under increasing pressure to make a statement on how he was going to apply the 1937 Neutrality Act to the Chinese-Japanese conflict. If the administration imposed the law, China would be prevented from receiving American military equipment and loans, and American ships would be barred from transporting goods to China. Because of its maritime fleet, Japan would be unaffected, purchasing raw materials and other commodities with impunity. On August 17, Roosevelt announced he was operating on a day to day basis and would apply the law when the situation merited it.<sup>20</sup> Senator Key Pittman, Chairman of the Foreign Relations Committee, justified this move on August 23, arguing unless

there was a declared war or until neutral nations suffered interference with their commerce, the administration should not act.<sup>21</sup> Lacking assurance of British cooperation, concerned about public support for firmer action, and forced to address problems associated with the 1937 recession, the President shelved sanctions in early September. Wishing to avoid aggravating the Asian crisis when Japan announced a naval blockade of China on September 17, Roosevelt warned private merchantmen trading in China that they did so at their own risk.<sup>22</sup>

During the next several months, Roosevelt concentrated on educating the public on international threats to American security. In a speech on September 17, he explained it took more than foresight, intelligence and patience to meet the subtle attack which spreading dictatorship makes upon the morale of a democracy.<sup>23</sup> These sentiments were elaborated upon on October 5, when he told a Chicago crowd that:

War is a contagion, whether it be declared or undeclared. It can engulf states and people remote from the original scene of hostilities. We are determined to keep out of war and the danger of involvement. We are adopting such measures as will minimize our risk of involvement, but we can't have complete protection in a world of disorder, in which confidence and security have broken down.<sup>24</sup>

He stressed that peace loving nations should "quarantine" aggressors.<sup>25</sup> The response was mixed. Isolationists condemned it as reckless and as a prelude to war. Internationalists hailed it as a presidential endorsement of

international cooperation to oppose the totalitarian threats in Europe and Asia.<sup>26</sup> Former Secretary of State Stimson used the speech as a spring board for criticizing isolationism and advocating trade embargoes against Japan.<sup>27</sup> Viewing the President's remarks as support for collective action against Japan, League members meeting in Geneva to discuss Japanese aggression, condemned that nation and agreed to conduct a Nine Power conference in Brussels the following month to discuss further action.<sup>28</sup>

While Roosevelt hoped the speech would arouse American concern over events abroad, vague wording muddled his intentions. In a press conference on October 6, the President encouraged public uncertainty by insisting the speech represented an "expansion of neutrality" and an "attitude" rather than a specific program. He denied contentions he intended to use international conferences, economic sanctions or other types of coercion.<sup>29</sup> Yet, on that same day, Sumner Welles proposed to the President that he host an international conference of world leaders to discuss general principles of international conduct, arms reduction and humanitarian conduct during war. Following this summit, the smaller neutral nations could develop specific proposals.<sup>30</sup> Roosevelt favored the plan; it was similar to his notions of the previous spring; it would educate Americans on foreign threats, and it would encourage cooperation among democratic nations.<sup>31</sup> Cordell Hull objected the European democracies would interpret

the meeting as a peace conference and it would lull Europeans into a sense of "tranquility" when they needed to concentrate on defense against Germany and Italy.<sup>32</sup> Convinced Hull was right, Roosevelt once again postponed the idea.

The Brussels Conference, scheduled for November 3, offered the President a second opportunity to achieve similar aims. During his fireside chat of October 12, he emphasized the United States was attending the conference to help resolve the China crisis through cooperation with the other signatories of the Nine Power agreement.<sup>33</sup> Yet, his choice of envoys and his instructions to them indicated he had more in mind. Roosevelt designated Norman Davis senior representative of the legation that also included Stanley Hornbeck and Jay P. Moffat. Davis and Hornbeck supported firmness in dealing with Japan; Moffat, a professional foreign service officer and the son-in-law of Ambassador Joseph Grew, advocated conciliation and moderation.<sup>34</sup>

Before leaving for Brussels, Davis received instructions from Hull establishing the United States' desire to resolve the crisis through mediation.<sup>35</sup> During a private meeting with Davis on October 19, Roosevelt said that if Japan refused mediation, Davis should stress to other representatives the need for cooperative action to protect their nations from the contagion of war.<sup>36</sup> He gave Davis a written explanation of collective neutrality, defining its value as a "constructive policy" neutrals extend jointly: This included



providing China with arms, severing diplomatic relations with Japan, denying Japan financial assistance, refusing to admit Japanese merchant ships into the ports of the cooperating states and embargoing Japanese products.<sup>37</sup>

During private meetings with British foreign Minister Anthony Eden on November 3, Davis presented the President's ideas. At the same time, he made clear the administration's unwillingness to provoke isolationists at home by taking the lead in proposing joint action.<sup>38</sup> Davis soon learned the British and French representatives were unimpressed with his ideas, especially since the United States would not offer guarantees to those nations if Japan retaliated. Departing from his instructions, the American representative suggested the President might seek a relaxation of neutrality legislation.<sup>39</sup> These proposals lacked administration support and, on November 16, Hull censured Davis, telling him, "there is no present possibility of a repeal or a suspension or a modification of the existing neutrality legislation."<sup>40</sup> The following day, Hull sent a second note informing Davis, "methods of pressure against Japan" were outside the scope of the present conference."<sup>41</sup>

During these exchanges, Roosevelt was silent. Because he needed Congress's support for several legislative actions, he was sensitive to congressional and public criticism of greater American participation in global affairs.<sup>42</sup> His concern was accentuated when European leaders began to

press the United States to lead in action against Japan and to guarantee their Asian territories.<sup>43</sup> Besides being unacceptable to the majority of Americans, these efforts were contrary to the President's view of collective neutrality.<sup>44</sup> Unwilling to agree on specific action, the participants made no commitments and adjourned on November 24.

Japan's attack on the United States gunboat Panay and three Standard Oil tankers on December 12, 1937, while they were sailing on the Yangtze River in China, forced Roosevelt to reconsider economic sanctions. After demanding an apology and full compensation from the Japanese government, Roosevelt directed Treasury Secretary Morgenthau to explore punitive economic measures.<sup>45</sup> During a Cabinet meeting on December 17, the President outlined a 1933 congressional statute empowering him to use economic sanctions to prevent war. According to Ickes, the President believed these powers were sufficiently broad to embargo cotton, oil, and other raw materials. In keeping with his view of collective non-belligerency, Roosevelt favored using such measures only in cooperation with other powers.<sup>46</sup> "After all," the President reasoned, "if Italy and Japan have developed a technique of fighting without declaring war, why can't we develop a similar one?"<sup>47</sup> After Vice-President Gardner suggested the administration might have to rely on force against Japan, Roosevelt argued that economic pressure could be effective, adding, "We don't call them economic sanctions, we call them

quarantines. We want to develop a technique which will not lead to war. We want to be as smart as Japan and Italy. We want to do it in a modern way."<sup>48</sup>

Although the Japanese apologized on December 25, the President continued efforts to deal with future Japanese outrages.<sup>49</sup> He subsequently authorized Anglo-American naval talks and, on January 11, 1938, he asked Prime Minister Chamberlain to reconsider his offer of the previous summer and join in an international conference to discuss laws of warfare, arms reduction, and equal access to raw materials.<sup>50</sup> Once the world leaders engaged in discussions on general issues, Roosevelt reasoned, they might agree on ways to reduce national rivalries. Moreover, the President believed greater cooperation between the United States and Britain might deter Japan.

When he received the President's proposals, Chamberlain was in the middle of negotiations with Mussolini, offering to recognize Italy's conquests in Ethiopia in exchange for Mussolini's pledge to respect the European status quo.<sup>51</sup> The British Prime Minister distrusted Roosevelt and correctly reasoned the President would be unwilling because of American isolationist sentiment to guarantee Britain military assistance in the event of hostilities.<sup>52</sup> Upon receiving the recommendations of the Anglo-American naval talks, which included a discussion of a joint naval action against Japan, Chamberlain's anxiety increased. Linking these proposals with

Roosevelt's suggestions, he rejected both as risking war on three fronts when Britain was unprepared for war on one. Certain appeasement was the best way to avoid hostilities, Chamberlain turned down Roosevelt's scheme on the evening of January 13, asking the President to hold his hand for a short while.<sup>53</sup>

This response stunned the administration. Hull condemned Chamberlain's policies as ratifying aggression.<sup>54</sup> Meanwhile, Foreign Minister Anthony Eden, who was absent when Chamberlain received the President's note, angrily pressed the Prime Minister to send a more positive response on January 21.<sup>55</sup> By the end of January, however, Roosevelt's interest in both schemes waned. The negative response to his annual message to Congress on January 28, detailing the need for more military appropriations, convinced him the nation was unprepared for collective action.<sup>56</sup>

Despite these setbacks, the administration continued to view economic sanctions as an appropriate way to protect national interests. In response to Japan's bombing of Chinese civilians in the spring of 1938, Hull sent a message on July 1, 1938 to companies manufacturing aircraft and aircraft components, informing them the administration opposed the sale of their products to nations engaging in such activity.<sup>57</sup> This effort expanded the administration's moral sanctions. Having refused to invoke the Neutrality Act over China, the administration relied on executive actions, such as

withholding export licenses, to punish Japan. Meanwhile, Stanley Hornbeck stepped up efforts to convince the administration to use economic pressure against Japan by terminating the 1911 Treaty of Commerce and Navigation.<sup>58</sup> Still confident moral sanctions would suffice, Hull criticized this recommendation as counter to American interests.

Throughout 1938, Roosevelt's willingness to experiment and to receive new ideas led aides to offer options for improving American security and for slowing up the Japanese. In September 1938, Herman Oliphant, Morgenthau's general counsel, proposed that the administration increase stockpiles of critical and strategic raw materials. Through this effort, the United States would have reserves of commodities used in arms production while simultaneously denying these substances to Japan. He explained the administration could fund the program without asking Congress for additional appropriations by directing the Reconstruction and Finance Corporation to loan money to the Federal Surplus Commodities Corporation.<sup>59</sup> Certain this course offered a positive means of using American economic power to affect the international situation, Morgenthau urged the President on September 27, 1938 to adopt it and to increase aid to China as an indirect way to hurt Japan.<sup>60</sup> "Let us not repeat the shortsighted mistakes of Britain and France," he told Roosevelt on October 17, "...I believe that we are the only country in the world in a

position to initiate effective steps to stop aggression by peaceful means."<sup>61</sup>

The President seemingly accepted these thoughts for on September 30, 1938, he told Interior Secretary Ickes he wanted to avoid Woodrow Wilson's failure to vigorously express himself in 1914 in an effort to prevent World War I.<sup>62</sup> Yet, Roosevelt, was attempting to salvage dwindling support in Congress following his Court packing fight and his failed effort to purge conservative southern Democrats.<sup>63</sup> Fearing that divisive foreign policies would exacerbate the situation, the President postponed approving any of the Treasury's proposals. Hence, when Morgenthau suggested on December 15, 1938, the modest step of imposing a discriminatory tariff against Japan for its assaults on American property and commercial rights in the Far East, Roosevelt demurred, hoping future events would ease the need for firmer action.<sup>64</sup>

Convinced by the spring of 1939 that Japan could be pressured into submission through economic sanctions, hardliners advocated various ways to accomplish this goal. On April 8, 1939, Morgenthau's aide, Harry Dexter White expanded Oliphant's ideas of fall, 1938, and in a memorandum entitled "Preliminary Report on the Possibility of Depriving the Aggressor Countries of Needed Strategic Raw Materials," he suggested two courses of action:

- (1) The leading nonaggressor nations purchase and accumulate strategic and critical raw materials.

(2) The leading nonaggressor nations prohibit through international agreement the exportation of selected strategic materials to aggressor nations.<sup>65</sup>

Because the aggressors -- Germany, Italy and Japan -- needed to import roughly 100 million dollars per month of manganese, copper, tin, rubber, petroleum, and other raw materials, the associated powers could debilitate the aggressors' military and industrial capabilities by accumulating stocks of these materials, reducing the world supplies, and increasing the prices of remaining stocks. This would have the added advantage of draining the aggressors' foreign reserves.<sup>66</sup> Recognizing political difficulties involved in American cooperation with other nations, White emphasized that while unilateral action would probably be ineffective in preventing hostilities, it would reassure allies, educate Americans on foreign threats, and warn potential adversaries.<sup>67</sup>

White believed the second proposal was also feasible since the United States, Britain, France, Russia, Netherlands and Belgium controlled eight of the strategic materials. If a few other friendly nations joined, White reasoned, several other commodities could also be manipulated. What's more, a limited number of private firms dominated international markets for rubber, tin, and oil, and through them, the associated powers could effectively sever supplies to the dictators.<sup>68</sup> To convince smaller nations to cooperate, White proposed that England, France, and Russia offer guarantees of military support.<sup>69</sup> Recognizing Americans would not support

such assurances, White carefully excluded the United States from security arrangements. Since the effectiveness of this action depended on severing all sources of raw materials, White vaguely alluded to the need for collective pressure against non-cooperating nations. Moreover, time was of the essence, and to prevent the aggressors from stockpiling raw materials, the associated powers needed to act swiftly.<sup>70</sup> "In our opinion," the Treasury staff concluded, "the measure -- if combined with the principles of the first proposal -- is effective, practical and relatively inexpensive, is a measure which comes under the quarantine-the-aggressor principle of the President's Chicago speech."<sup>71</sup>

These schemes reflected Roosevelt's views on "collective non-belligerency" and offered a way for the allies to stop aggressors without force. Japan was particularly vulnerable, requiring the following imports: Iron (35 percent); oil (95 percent); copper (5 percent); lead (80 percent); cotton (80 percent); bauxite (100 percent); potash (75 percent); antimony (90 percent); tin (75 percent); mercury (90 percent); zinc (50 percent).<sup>72</sup> Three days later, Morgenthau asked the President to proceed with one or both of these options, especially since Roosevelt recently stated he would take some action against aggression "besides mere words." Taking up this issue with Great Britain, Morgenthau argued, also served as a test of English "sincerity as to whether or not they mean business in regards to Germany and Italy."<sup>73</sup>



Once again, presidential ambivalence caused the postponement of sanctions. While interested, Roosevelt was embroiled in efforts to revise the neutrality legislation. These laws evolved out of congressional investigations and public discussions of the causes of America's involvement in World War I. Besides reflecting disillusionment with foreign affairs that came to characterize American isolationism in the 1930's, the legislation reflected Congress's distrust of executive predominance in foreign affairs, and its attempt to curtail presidential flexibility. Because the ensuing laws dealt essentially with economic relations between the United States and belligerents, they had an enormous impact on the evolution of the administration's economic policies against Japan.

The first neutrality law, passed on August 31, 1935, strictly controlled sales of munitions to belligerents.<sup>74</sup> During the next two years, Congress passed additional legislation prohibiting loans and further restricting executive discretion in permitting economic relations with belligerents.<sup>75</sup> Isolationists argued the laws were needed to prevent a president from intentionally or haphazardly involving the nation in war. Though he desired authority to distinguish between aggressors and victims of aggression, Roosevelt believed he lacked congressional and public support to revise the laws and he signed them.

In the spring of 1937, Congress responded to White House pressure and authorized the President to place trade with belligerents for unrestricted items under a "cash-and-carry" formula.<sup>76</sup> This act revealed the chimerical nature of neutrality legislation, for the measures preserved industrial war profits and extended trade privileges to belligerents possessing ships, ports, and capital. Moreover, while most features of the May, 1937 law were permanent, Congress directed discretionary provisions extend only until May 1, 1939.<sup>77</sup> Disturbed he was not empowered to punish aggressors, Roosevelt told Morgenthau on June 12, 1937 that he might ask Americans to boycott Japanese products. Though Morgenthau sympathized with the President's efforts to use sanctions against aggressors and to get Americans involved in events abroad, he believed this action would be futile because Americans "would listen to their pocketbooks" and because its effect on Japan was uncertain.<sup>78</sup> Convinced by these arguments, Roosevelt abandoned the scheme.

By the spring of 1939 the international situation was worsening and the President needed greater flexibility under the neutrality laws. To avoid arousing the President's political opponents, the administration relied on Senator Key Pittman to sponsor reform of the laws. In April he offered a resolution empowering the President to restrict trade with nations violating the Nine Powers Treaty and endangering American lives and property.<sup>79</sup> While hoping this procedure

would circumvent the problem associated with reforming the neutrality laws, Pittman encountered vigorous congressional opposition and, in May, he turned the fight over to Hull. Roosevelt met with top congressional leaders on May 19, to convince them to support the reform. The President was still unwilling to actively lobby for such reform, and although Senator Schwellenbach sponsored a resolution in late June granting the President power to restrict trade with aggressors, neutrality law reform was hopelessly blocked in the Senate Foreign Relations Committee on July 11.<sup>80</sup>

Encouraged by Roosevelt's renewed interest in firmer action, Morgenthau pressed for economic sanctions during he summer of 1939. On July 31, Harry Dexter White prepared a memorandum showing Japan was losing ten to fifteen million dollars in foreign exchange each month in order to purchase raw materials. With only two hundred million dollars in foreign exchange remaining, the Japanese government was reducing imports, attempting to increase exports, and increasing controls on foreign exchange.<sup>81</sup> To further reduce the drain, the Japanese increased their use of Chinese raw materials and were developing domestic substitutes such as rubber, synthetic fibers and synthetic oil.<sup>82</sup> What's more, White explained, with so many men in the military, Japan was experiencing a labor shortage that was impairing the industrial and the agricultural sectors.<sup>83</sup> These conditions reinforced arguments that economic sanctions could cripple Japan.

Though the President still refused to take action, Congress became concerned over limited stockpiles of strategic raw materials. Demonstrating greater concern over this issue than the President, Congress passed Public Act Number 117, on June 7, appropriating 100 million dollars to purchase selected raw materials for 1940 through 1943.<sup>84</sup> Public bill number 311 and Public Bill number 387, passed on August 9 and August 11 respectively, increased expenditures for additional commodities and authorized the administration to exchange agricultural surplus for foreign raw materials.<sup>85</sup> Congress's actions indicated that the administration probably could have obtained congressional support for economic sanctions against Japan. Yet, concerned that Congress's intrusion into foreign affairs might hamstring administration efforts to reform the neutrality laws and impinge on the administration's foreign policies, Roosevelt wanted to minimize its involvement.<sup>86</sup>

During the fall of 1939, Roosevelt feared an Axis victory could endanger hemispheric security and the nation's foreign commerce. Such a development would also force the United States to create and maintain large and expensive military forces.<sup>87</sup> Despite these apprehensions, the President proceeded cautiously, recognizing that isolationism was still strong in America. In a radio address on September 1, 1939, he reassured the nation, "Your government will make every effort to prevent a blackout of peace in the United States."<sup>88</sup> Isolationists campaigned in favor of neutrality. While polls

indicated 80 percent of Americans favored the allies and 50 percent to 60 percent of the nation supported aid to Britain and France, the majority of this second group opposed American involvement in the war.<sup>89</sup> To counter isolationism, the President mounted an indirect campaign to convince the public of the fascist threat and he vigorously urged Congress to modify the Neutrality Act. On September 21, he told Congress existing legislation favored aggressors and he beseeched Congress to support sales of goods on a cash and carry basis. He also contended measures forbidding American merchant ships and citizens to travel in war zones and preventing credits to belligerents offered far greater safeguards than "we now possess, or have ever possessed to protect American lives and property from danger."<sup>90</sup> The Senate approved reform on October 27 by a vote of 63 to 30 and the House followed suit six days later, 243 to 181.<sup>91</sup> While this new legislation granted the President more discretionary power, it still revealed the ambiguities of American foreign policy and the confusion among Americans. As the nation provided the allies assistance short of war, it risked becoming involved in a conflict because the Axis could not stand by indefinitely while the United States participated in actions against it.

During the fall of 1939, the administration pursued various avenues to materially aid the allies. Borrowing from Treasury recommendations of the previous spring and from Congress's actions during the summer, Roosevelt asked private

corporations on September 16, to withhold exports of various products, and, to the surprise of many, these companies stopped exports almost immediately.<sup>92</sup> Even though European events dominated administration concerns, hardliners urged the President to invoke sanctions against Japan to deter it from taking advantage of the European situation by seizing more territory. Roosevelt continued to steer a moderate course, hoping to avoid a diplomatic crisis.

After Russia invaded Finland on November 30, 1939, the President's attitude hardened and he decided to take additional action to stem aggression. On December 2, he publicly outlined previous moral embargoes on the sale of aircraft and aviation components to nations attacking civilians.<sup>93</sup> Two days later, he told Morgenthau to ask American producers of molybdenum, used in hardening steel for armor plate, to withhold shipments of the substance to Germany and Russia.<sup>94</sup> On December 6, Morgenthau met with Harold Hochschild, President of American Metal Company and secretary of the Climax Molybdenum Company, which controlled 85 percent of the production of the metal in the United States. Though he agreed to restrict sales, Hochschild believed they should include Japan and Roosevelt later agreed.<sup>95</sup>

This episode was curious, for of all the substances Roosevelt could have selected, molybdenum was one of the least important. In his April, 1939 memorandum, Harry Dexter White specifically described that metal as one produced throughout

the world and explained that efforts to restrict its sale would have only negligible effects on the aggressors.<sup>96</sup> The administration apparently chose molybdenum because it could effectively block its exportation. This was one of the first instances in which the administration restricted sales of a raw material as a punitive gesture. Hence, the action had symbolic significance and the administration avoided legal and political problems that may have arisen if it had attempted to control a vital substance. To minimize domestic opposition and to reassure workers there would be no loss of jobs, Morgenthau urged the navy to increase its use of molybdenum and he asked the European democracies to buy more of the metal. Assured new markets would make up for those lost by denying sales to Germany, Russia, and Japan, Hochschild persuaded American companies on December 8 to cease shipments.<sup>97</sup>

Roosevelt initiated this effort before discussing it with Hull. After learning of Morgenthau's role, the Secretary of State rebuked the action as endangering relations with Japan and as interfering in the State Department's conduct of foreign policy. His Far East experts, Hornbeck and Hamilton, however, supported the move. "As a matter of fact," Hornbeck explained, "we are working on several other ways to put the screws on the Japanese and this is just what we ought to do."<sup>98</sup> Consequently, a December 15 State Department press release rehashed past restrictions on exports of aircraft

components to nations engaged in bombing civilians and appealed to the producers of molybdenum to withhold shipments of the metal to the same nations, on the grounds it was used in aircraft and aircraft munitions.<sup>99</sup>

Encouraged by this apparent success, the President discussed at a Cabinet meeting on December 19 using the technique for other commodities. After the President discussed withholding shipments of tungsten and nickel to Germany and Russia, Ickes suggested controlling the transfer of technical information on producing high grade aviation gasoline and to reduce exports of petroleum to other nations, particularly Japan. When Roosevelt and Hull opposed severing oil exports to Japan for fear that it might retaliate against the Dutch East Indies, Ickes responded, "to my mind this does not quite meet our moral situation. We ought not to ship to Japan any essentials of war when we know that it is to be used against beleaguered China."<sup>100</sup>

Ickes convinced the President to take action. Reassured by the public's response to the December 15 statement on aircraft and molybdenum, the administration issued another one on December 20, restricting the transfer of plans, plants, manufacturing rights, and technical information required for the production of high grade aviation gasoline to nations engaged in aerial attacks against civilians.<sup>101</sup> By basing actions on this moral issue, the administration increased public support for action isolationists denounced



as an escalation of American involvement in the war. While genuinely disturbed by such warfare, Roosevelt was a realist and he recognized bombing civilians was part of modern combat. In a discussion with Morgenthau on August 4, 1941, only twenty months later, the President explained to beat Hitler the British should send "a hundred planes over Germany for military objectives and ten of them should bomb some of those smaller towns that have not been bombed before. There must be some kind of factory in every town." This, he contended, would demoralize the Germans.<sup>102</sup> Hence, his display of moral outrage in December 1939 exemplified his shrewdness in using an emotional issue to increase American awareness of the foreign threat.

Regardless of motives, the administration continued these policies into the new year. During a Cabinet meeting on January 2, Roosevelt once again stressed controlling various raw materials and convincing the allies to cooperate.<sup>103</sup> Concomitantly, he continued to reassure the people of his desire to stay out of the war. "There is a vast difference between keeping out of the war and pretending that war is none of our business," he explained in his State of the Union Address on January 3, 1940. "We do not have to go to war with other nations, but at least we can strive with other nations to encourage the kind of peace that will lighten the trouble of the world...help our own nation as well."<sup>104</sup>

In subsequent weeks, hardliners and moderates quarrelled over using stricter sanctions. Hornbeck argued the nation had to act to force Japan to respect international agreements and American rights in Asia. Furthermore, he explained, moral embargoes should either be more extensive or dropped altogether, "while placing the strictest construction upon the provisions of the law with certain limited embargoes." Disputing these views, Hull, Welles, and Far East expert Hamilton urged restraint.<sup>105</sup>

The European democracies greeted American moral embargoes with mixed feelings. Jean Monnet, a French financier seeking American aid for France, believed measures restricting exports of raw materials to aggressors might shorten the war.<sup>106</sup> Other foreign leaders favored the gestures as increasing American awareness of their plight. Still others feared half-way actions might aggravate the world situation and force Japan to attack Asian territories. While agreeing to restrict sales of selected commodities to Japan and Russia, European leaders pressed the Roosevelt administration for firmer commitments to their Asian interests. Foreign envoys in Washington told their governments that such commitments were unlikely since 1940 was an election year and the public was still opposed to entangling foreign alliances.<sup>107</sup>

Debate over further sanctions increased in December 1939 and January 1940 as the deadline for the abrogation of

the 1911 Trade Treaty with Japan approached. On July 26, 1939, the administration informed Japan the United States intended to rescind the treaty in six months. This occurred amidst congressional debate over the neutrality laws. Hoping to facilitate the administration's negotiating of a new treaty offering better commercial arrangements, Republican Senator Arthur Vandenberg proposed on July 18 the abandonment of the old treaty.<sup>108</sup> Though there was bipartisan support for the action, Roosevelt and Hull feared this proposal might incite congressional debate and weaken the chances of revising the neutrality laws. Hence, the President preempted Congress, invoking executive authority to rescind the treaty. Hull hoped this would alert Japanese leaders that the administration would not permit it to interfere with American privileges in China.<sup>109</sup>

Advisors sparred over what administration policy should be after the treaty ended. Ambassador Grew in Japan urged firmness coupled with negotiations to forge a new agreement.<sup>110</sup> Hull believed the United States could not accept a new treaty unless Japan modified its policies. Though some State Department officials advised the imposition of a 10 percent discriminatory tariff on Japanese goods, Hull believed this was unjustified since Japan had not discriminated against American products. Instead, he proposed the administration take no action for the time being.<sup>111</sup>

Though he accepted the proposal, Roosevelt told Hull, "I am inclined to think that information should be unofficially conveyed to the Japanese that this has been done by me, on your recommendation, as a temporary measure to show that we have no desire to push them into a corner or bear down on them unduly as long as there is a reasonable possibility of reaching a new commercial treaty." Still, he added, it should also be made clear, "if in the future it should unfortunately become necessary to impose the additional 10% levy, a thirty day notice would be given."<sup>112</sup> Hull hoped the indefinite nature of this response would obscure American intentions and encourage restraint among Japanese leaders. On January 6, 1940, Hull responded to Japanese protests over American moral embargoes, reiterating Japan's violation of commercial rights, bombing of civilians, and the right of the United States to provide for its own defense.<sup>113</sup>

During the spring of 1940, Roosevelt attempted to resolve the European conflict through suggestions of mediation and international summit conferences. He sent Undersecretary of State Sumner Welles to Europe to convey a personal appeal to the European leaders for peace.<sup>114</sup> These efforts were fruitless. As Germany sped through the low countries and into France, the President took action to improve American national security. In early May, he directed the FBI to conduct surveillance of potential saboteurs and spies.<sup>115</sup> During the first week of May, Roosevelt also met with the service chiefs

and directed them to prepare estimates for defending the nation against Germany and, possibly, Italy. Marshall told him on May 10 the United States could field five divisions totaling 80,000 men, far less than Germany's two million troops.<sup>116</sup> Six days later, with German troops breaching French borders, Roosevelt asked Congress to appropriate 1.18 billion dollars in additional defense funds. Not only did Congress support this request, but it appropriated an additional 20 million dollars and approved the President's request for another 1.7 billion dollars four weeks later.<sup>117</sup> Bipartisan congressional support for stronger defenses reflected the views of those seeking to improve the security of the Western Hemisphere and of those hoping to aid the allies.

Since the fall of 1939, Roosevelt hoped to aid the allies by selling them military equipment. After successfully stifling administration officials opposed to increasing sales of equipment to the allies on the grounds American forces needed it, Roosevelt found the allies hesitant to increase purchases of American products. The winter lull in the fighting convinced them the war would last for several years, permitting them time to produce their own weapons. Because the Johnson Act of 1934 forbade credit to nations defaulting on World War I loans, allied leaders hoped to delay depleting limited foreign exchange and gold reserves.<sup>118</sup>

The German spring offensive led to increased allied purchases of war materials, particularly aircraft. Unfortunately, in May 1940 the United States possessed only one-hundred-seventy pursuit planes and fifty-two bombers. To correct this deficiency, Roosevelt called on the nation on May 16 to "develop the ability to turn out at least fifty thousand planes a year."<sup>119</sup> Yet, the allies needed assistance immediately and while the neutrality laws permitted private companies to sell weapons, the government could not.<sup>120</sup> On June 3, the President's legal staff got around this obstacle, noting the administration could sell "surplus" military equipment, and the President directed Morgenthau to carry this out.<sup>121</sup>

Germany's onslaught removed whatever doubts Roosevelt had about seeking a third term, and he was cautious not to undermine his increasing popularity. When French Premier Paul Reynaud pleaded on May 22 for the United States to threaten Germany if it continued its advance against France, Roosevelt offered nothing more than surplus military equipment.<sup>122</sup> His reluctance to tie the administration to the allies was based on his conviction isolationism was still a vibrant force to be reckoned with. This view was vindicated on June 5 when the Senate Foreign Relations committee rejected a proposal to sell modern pursuit planes and ships to the allies.<sup>123</sup> Public support for the allies was erratic. In April and May, 60 percent to 70 percent of the public

supported greater aid to the allies, and 50 percent opposed a more specific plan to sell modern aircraft to them. By June 10, after the British successfully evacuated its forces from Dunkirk, 80 percent of Americans favored greater material assistance to Britain and Roosevelt approved the sale of fifty surplus aircraft.<sup>124</sup>

After Italy entered the war against France, an act the President described on June 10 as "the hand that held the dagger has struck it in the back of its neighbor," Roosevelt committed the nation to even greater material aid to the allies and greater defense preparations at home.<sup>125</sup> He ridiculed isolationist's descriptions of a fortress America, as a "lone island in a world dominated by force," as a delusion that would turn into a "nightmare of people locked in prison, handcuffed, hungry, and fed through the bars from day to day by the contemptuous, unpitying masters of other continents."<sup>126</sup>

Despite these sentiments, Roosevelt would only vaguely promise the allies future aid. The fall of France demoralized Americans and reduced their confidence that the allies could defeat the Axis. By the end of June, only a third of the nation believed Britain would win. Yet, two-thirds of Americans supported continued aid to Britain.<sup>127</sup> Roosevelt directed the Treasury to freeze French assets in America to prevent Germany from seizing them and the administration notified Germany and Italy that European

possessions in the Western Hemisphere could not be transferred as a result of conquests in Europe.<sup>128</sup>

During this time, the administration received reports of increasing Axis activity in Latin America. Some administration officials believed German acquisition of French African bases provided the Axis the capability of launching attacks across the Atlantic to Brazil.<sup>129</sup> Though some historians have challenged the validity of this threat, contemporary intelligence estimates and Axis activities justified the administration's perception.<sup>130</sup> Roosevelt supported increased military cooperation with the Latin American republics and approved economic policies permitting Latin American nations to sell exports normally sent to Europe in the United States.<sup>131</sup> He rejected the recommendations of congressmen urging that the United States purchase British and French bases in the Western Hemisphere for gold and credits on defaulted loans because he feared such an action would alienate Latin American leaders and, more important, provide Japan a pretext for seizing European possessions in the Pacific.<sup>132</sup>

Throughout the spring of 1940, Japan took little overt action while the European dictators hammered the allies. Besides the limited sanctions imposed against Japan and other aggressors, the United States hoped to deter Japanese expansionism by ordering the fleet, which had been engaged in maneuvers in the Pacific, to remain indefinitely in Hawaii at the American base at Pearl Harbor.<sup>133</sup> On June 17, the



situation worsened when Japan demanded that French officials close the Indochina border with China and that it recognize Japan's special interests in the region. The Japanese pressured British and French bankers in Tientsin, China to turn over to Japanese officials a portion of the Chinese governments' silver stocks in British and French vaults and to circulate Japanese occupation currency.<sup>134</sup>

The British beseeched the United States to aid it against these humiliations by invoking a total economic embargo against Japan and by sending warships to Singapore.<sup>135</sup> Hull consulted Hornbeck, Hamilton and Ballantine. Hamilton and Ballantine favored moderate responses against Japan; Hornbeck urged the administration to view the region in strategic terms and deal harshly with Japan.<sup>136</sup> Wishing to avoid hostilities in Asia, Hull directed Ambassador Grew in Tokyo to explore Japan's willingness to engage in a dialogue with the United States to guarantee the status quo of Far Eastern territories. Having just begun negotiations with Dutch authorities in the Netherlands East Indies on increasing its exports of raw materials to Japan, Japanese leaders ignored the American proposals.<sup>137</sup>

Roosevelt and Hull determined dispatching the fleet to Singapore was politically impractical for this would have validated isolationist criticism of the administration. Placing the bulk of the fleet in the western Pacific, moreover, would have degraded the United States' ability to

meet threats to the Western Hemisphere. Unwilling to make tangible concessions to Japan, Roosevelt and Hull agreed the administration should pursue a different course.<sup>138</sup> On June 24 and June 27, Japan demanded that Britain close the Burma Road and the Hong Kong border to China, and that it withdraw from Shanghai.<sup>139</sup> After British Ambassador Lord Philip K. Lothian continued to press for American economic sanctions against Japan, a roiled Hull responded on June 27 that the administration had progressively invoked economic pressure against Japan for almost a year while the British urged caution. Though the administration was prepared to use moral sanctions to support diplomatic efforts, it would avoid provoking Japan. Japan was unprepared to fight the United States and Britain, he added, and would refrain from major confrontations with the two nations as long as Britain remained strong against Germany and the American fleet remained in the Pacific.<sup>140</sup> Treasury Secretary Morgenthau and Far East expert Stanley Hornbeck continued efforts to convince Roosevelt that strict embargoes on steel and oil would conserve raw materials, impair Japan's military, and demonstrate the nation's resolve to resist aggression. Roosevelt remained uncommitted, hoping to avoid aggravating the situation.

By the summer of 1940, the administration possessed few options. Even before the war, it sought to aid the allies while avoiding direct involvement in European rivalries. The European democracies did not want American interference in

their efforts to restore the balance of power in the late 1930's. When they asked for American assistance, it was for narrow purposes, defined by them and for their own national well-being. On the other hand, American isolationism was an albatross, hampering administration efforts and indirectly encouraging foreign aggression. Under such circumstances, effective collective action among the democratic powers against aggressors was unlikely.

Throughout the 1930's, the United States relied on diplomatic pressure and moral sanctions to protect its Asian interests from Japanese aggression. Reflecting the American support for measures short of war, the Roosevelt administration adopted economic sanctions, camouflaged in moralistic rhetoric. Administration hardliners advocated harsh measures to deter Japanese aggression and to cripple its military; moderates believed such methods should be used sparingly to encourage Japanese leaders to negotiate in good faith and to refrain from aggression.

Roosevelt was ambivalent. Wishing to be firm against Japan, he did not want to provoke it. Though concerned about American Far East interest, he believed the European situation was more ominous. As throughout his political career, the President let his lieutenants quarrel over the issues; he postponed major decisions until events clarified a specific position or made it necessary for him to make a choice. Postponement, deviousness, internecine

rivalries, vagueness - elements of the Roosevelt administration's foreign policies since 1933 - thrived in July 1940.

## ENDNOTES TO CHAPTER 1

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<sup>3</sup> Ibid., p. 27.

<sup>4</sup> Norman A. Graebner, "Hoover, Roosevelt, and the Japanese," "Pearl Harbor As History: Japanese-American Relations, 1931-1941," edited by Dorothy Borg and Shumpei Okamoto (New York: Columbia University Press, 1973), pp. 26-28.

<sup>5</sup> Ibid., pp. 28.

<sup>6</sup> Ibid.

<sup>7</sup> Dallek, Roosevelt and American Foreign Policy, p. 75; Graebner, "Hoover, Roosevelt, and the Japanese," pp. 32-33.

<sup>8</sup> Dallek, Roosevelt and American Foreign Policy, pp. 76-77; Graebner, "Hoover, Roosevelt, and the Japanese," p. 35.

<sup>9</sup> Dallek, Roosevelt and American Foreign Policy, p. 77; Graebner, "Hoover, Roosevelt and the Japanese," pp. 34-35.

<sup>10</sup> Dallek, Roosevelt and American Foreign Policy, p. 76; Graebner, "Hoover, Roosevelt, and the Japanese," pp. 33-34.

<sup>11</sup> Hornbeck cited in Dallek, Roosevelt and American Foreign Policy, p. 76.

<sup>12</sup> Robert A. Divine, Roosevelt and World War II, (Baltimore, Maryland: John Hopkins Press, 1969), pp. 2-8; James MacGregor Burns, The Lion and the Fox, 1882-1940 (New York: Harcourt, Brace, and World, Inc., 1955), pp. 284; Cordell Hull, Memoirs of Cordell Hull volume 1 (New York: MacMillan and Company, 1948), pp. 493-500; Dorothy Borg, "Notes on Roosevelt's Quarantine Speech," "Causes and Consequences of World War II," ed. by Robert Divine (New York: Quadrangle Books, 1969), pp. 48-50; Dallek, Roosevelt and American Foreign Policy, p. 132; Harold L. Ickes, The Secret

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<sup>13</sup> Divine, Roosevelt and World War II, pp. 14-15; Graebner, "Hoover, Roosevelt and the Japanese," p. 36; Roosevelt cited in Henry L. Stimson and McGeorge Bundy, On Active Service in Peace and War (New York: Harper and Brothers, 1947), pp. 300-302.

<sup>14</sup> Sumner Welles, Seven Decisions That Shaped History (New York: Harper and Brothers, 1950), p. 68.

<sup>15</sup> Ibid., p. 70.

<sup>16</sup> Eichelberger described in Borg, "Notes on Roosevelt's Quarantine Speech," pp. 61-62.

<sup>17</sup> Herbert Feis, The Road to Pearl Harbor: Coming of the War Between the United States and Japan (New York: Atheneum, 1965), p. 11.

<sup>18</sup> Graebner, "Hoover, Roosevelt and the Japanese," pp. 41-42; Akira Irye, "The Role of the United States Embassy in Tokyo," Pearl Harbor as History: Japanese-American Relations 1931-1942, edited by Dorothy Borg and Okamoto Shumpei (New York: Columbia University Press, 1973), pp. 114-116.

<sup>19</sup> Hull, Memoirs, vol 1, pp. 699-700; Graebner, "Hoover, Roosevelt, and the Japanese," pp. 36-37.

<sup>20</sup> Dallek, Roosevelt and American Foreign Policy, p. 146; Welles, Seven Decisions, pp. 70-71; Robert A. Divine, The Reluctant Belligerent: American Entry into World War II (New York: John Wiley and Sons, Inc., 1979), p. 44.

<sup>21</sup> Senator Pittman cited in Dallek, Roosevelt and American Foreign Policy, p. 146.

<sup>22</sup> Divine, Reluctant Belligerent, p. 44

<sup>23</sup> Samuel I. Rosenman, ed., The Public Papers and Addresses of Franklin D. Roosevelt, 1937 (New York: MacMillan and Company, 1941), pp. 359-363; Ickes, Ickes Diary: The Inside Struggle, p. 213.

<sup>24</sup> Rosenman, Public Papers and Addresses of Roosevelt, 1937, p. 411.

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A. Strategic materials: Materials essential to national defense. The nation must rely on imports of these materials from sources outside the limits of the United States and for which strict conservation and distribution control measures are necessary.

B. Critical materials: Materials essential to national defense. Procurement problems, while difficult, are less serious than those of strategic materials because they

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115 Ibid., p. 225.

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- 120 Ibid., p. 127.
- 121 Ibid.
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- 125 Ibid., pp. 228-229.
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## 2. SUMMER OF 1940: CONTROVERSY OVER EMBARGOES AGAINST JAPAN

The defeat of France during June 1940 heightened administration determination to aid Britain and accentuated hardliner support for firmer action against Japan. Led by Morgenthau, hardliners advocated embargoes on oil and steel to preserve raw materials for America's defense while impairing Japan's war-making capabilities. Hull, the military chiefs, and their supporters countered such actions could precipitate a Japanese invasion of the Netherlands East Indies. This rivalry contributed to Roosevelt's indecisiveness. When Morgenthau asked the President to delegate authority over exports of raw materials to one agency, Roosevelt responded he wanted "to do it his own way and wanted to keep authority under him."<sup>1</sup>

To control commercial relations with warring nations, the administration relied on executive proclamations rather than explicit congressional authorizations. Because 1940 was an election year, Roosevelt attempted to limit public criticism of administration policies by minimizing congressional involvement in foreign policy matters. Yet, without greater discretionary powers that only Congress could authorize, Roosevelt was constrained in developing comprehensive economic policies.

Interestingly, Congress was inclined to grant the executive greater power during the spring of 1940. In January, Senator Pittman resurrected his resolution of the previous year that would permit the President to embargo materials to aggressors. To gain acceptance of this proposal, proponents had to assure cotton producers and southern political leaders southern cotton exports would be unaffected.<sup>2</sup> The German spring offensive and the fall of France convinced Congress to enact legislation to safeguard national security and on July 2, Roosevelt signed the "act to expedite the strengthening of the national defense." Section 6 of this measure held that whenever the president determined it was in the interest of national defense to prohibit or curtail the exportation of any military equipment, munitions, component parts, machine tools, or raw materials, he could do so through executive proclamation. Moreover the law provided for punishing violators with a fine of not more than \$10,000, imprisonment for a maximum of two years or both.<sup>3</sup> Because this legislation significantly increased the President's ability to aid the nation's allies while hampering the activities of the Axis powers, it contributed to greater disagreements between administration hardliners and moderates as they debated oil and steel embargoes during the summer of 1940.

While the cash and carry provisions of the 1939 Neutrality Act helped Britain against Germany and Italy, it



would have worked to the advantage of Japan and to the detriment of China. With his new powers, Roosevelt could restrict exports to those nations threatening American foreign interests. Unlike Congress's efforts of the previous summer to stockpile raw materials, this new act was specifically designed to permit the administration to restrict foreign trade in a discriminatory fashion.

Immediately after signing the law on July 2, Roosevelt approved restrictions on exports of various raw materials, chemicals, and machine tools. As shown in Table 1, his action incorporated only six of the sixteen materials the Treasury previously identified as having critical or strategic significance.<sup>4</sup> While desiring to take firmer action against Japan, Germany and Italy, the President was reluctant to provoke Japan or the other powers into retaliating. Consequently, the economic restrictions were largely symbolic, not enhancing military preparedness nor impinging on the Axis's military prowess.

Roosevelt implemented the new law in characteristic fashion, retaining authority by dispersing it. He created a new agency, the Administration of Export Control, with Lieutenant Colonel Russell Maxwell as its director. This agency was to establish guidelines and procedures and the State Department's Division of Controls was to issue export permits.<sup>5</sup> As the agency with specific responsibility for stockpiling strategic and critical raw materials for defense,

TABLE 1: COMPARISON OF STRATEGIC MATERIALS IDENTIFIED BY THE TREASURY, 8 APRIL 1939, AND RAW MATERIALS RESTRICTED BY ROOSEVELT, 2 JULY 1940.

LIST OF JAPAN'S STRATEGIC AND CRITICAL RAW MATERIAL		ITEMS RESTRICTED, EXECUTIVE PROCLAMATION NO. 2413, 2 JULY 1940	
1.	iron	1.	aluminum
2.	oil	2.	antimony
3.	copper	3.	asbestos
4.	lead	4.	chromium
5.	cotton	5.	cotton liners
6.	bauxite	6.	flax
7.	zinc	7.	graphite
8.	rubber	8.	hides
9.	manganese	9.	industrial
10.	nickel		diamonds
11.	wool	10.	manganese
12.	potash	11.	magnesium
13.	phosphates	12.	manila fiber
14.	antimony	13.	mercury
15.	tin	14.	mica
16.	mercury	15.	molybdenum
		16.	optical glass
		17.	platinum
		18.	quartz
			crystal
		19.	wool
		20.	rubber
		21.	silk
		22.	tin
		23.	tungsten
		24.	vanadium
		25.	various
			chemicals
		26.	aircraft
			parts
		27.	optical
			equipment
		28.	glass used
			in aircraft
		29.	metal working
			machinery

MATERIALS RESTRICTED BY 2 JULY 1940 ORDER AND LISTED IN THE 8 APRIL, 1939 REPORT:

- |              |             |
|--------------|-------------|
| 1. rubber    | 4. antimony |
| 2. wool      | 5. tin      |
| 3. manganese | 6. mercury  |

Sources: Harry Dexter White's memorandum, "Preliminary Report on the Possibility of Depriving the Aggressor Countries of Needed Strategic Raw Materials," 8 April 1939 on The Presidential Diaries of Henry Morgenthau, 1938-1945 (Maryland, University Publications of America), Book 1, p. 66; Presidential Proclamation No. 2413, 2 July 1940 in Papers Relating to the Foreign Relations of the United States, Japan 1931-1940, vol. II (Washington, D.C.; U.S. Government Printing Office, 1943), p. 211.

however, the President's Advisory Commission's Industrial Materials Division, headed by Edward R. Stettinius, shared responsibilities with the new Administration of Export Control. Lacking clear executive guidance, these agencies were uncertain how to coordinate activities, and whether the President was preparing to defend the Western Hemisphere or whether he was contemplating global war.<sup>6</sup> Even though Hull praised Roosevelt's creation of Maxwell's agency as ending Morgenthau's bid to wrest control over international trade in war materials from the State Department, it contributed to administration confusion over foreign economic matters.<sup>7</sup>

A major critic of Roosevelt's administrative style, Secretary of War Henry Stimson described the President as being "inherently disorganized" because he tended "to place his bets on two subordinates at once, creating internacine strife."<sup>8</sup> Indeed, the President created bureaucratic structures that adequately administered routine matters but were unresponsive in emergencies. Aggravating the situation was anxiety among officials over the international situation, confusion over the administration's foreign policy objectives, emphasis on election year politics, and uncertainty over the President's views on important issues.

While administration officials argued, Great Britain struggled to survive against the German air assault. Concerned Japan might take advantage of the situation and attempt

to seize British territory in Asia, the British government acquiesced to Japanese demands and announced on July 14 that it was closing the Burma road to China for three months. Upon learning of the British decision, Hull complained the action would hurt China and encourage further Japanese aggression.<sup>9</sup>

While dining with British Ambassador Lord Lothian and Australian Ambassador Cary on July 18, Morgenthau and Stimson learned the British government closed the Burma Road because Hull offered the British little tangible support in the event of Japanese retaliation.<sup>10</sup> Evidently, the British used this dinner to spark interest among administration hardliners in a scheme involving economic warfare against Japan. According to Stimson, a Mr. Weir of the British Embassy asserted the war was going to be decided by fuel and that Japan was really very short of petroleum.<sup>11</sup> Stimson suggested the new defense act provided an opportunity to stop all oil exports to Japan. If the United States were to terminate petroleum exports to Japan, Lothian explained, Britain could destroy the Dutch East Indies oil wells to prevent Japan from seizing them.<sup>12</sup>

Ironically, when the British Ambassador outlined the scheme to his government on July 19, the Foreign office was dismayed because it threatened Britain's Asian oil supplies and risked provoking Japan into attacking Southeast Asia while the Americans offered no assurances of military assistance.<sup>13</sup> Lothian apparently advanced the idea in the hope of obtaining

a firmer commitment to Britain from the Roosevelt administration and, in so doing, misjudged the objectives of his own government.

Nevertheless, Treasury Secretary Morgenthau was enthusiastic about the proposals. From sources such as White's April 1939 memorandum, Morgenthau recognized the United States, Russia, and Venezuela controlled seventy-five percent of the world's oil output and the British Empire, Iran, Netherlands East Indies, Mexico, and Columbia controlled another ten percent. Because a few large oil companies controlled supplies outside these nations, the American government could control the remaining sources of oil outside the totalitarian nations' own territories. Meanwhile, Japan produced only four million barrels of oil, relying on imports for about 96 percent of its needs.<sup>14</sup> These facts served as the foundation for Morgenthau's concept of restricting oil exports to Japan, making him receptive to Lothian's proposals.

Following dinner, Morgenthau gained Interior Secretary Ickes's support for an American oil embargo. Together they presented the scheme to the President on July 19. Roosevelt likened the idea to his own of the first world war that involved an allied blockade of continental Europe, leaving only a small channel to permit trade with England.<sup>15</sup> About thirty minutes into this meeting, Stimson, Knox, and Welles joined and Roosevelt, without attributing the suggestions to Morgenthau and Ickes, discussed restricting oil

to cripple its military and industry. Welles responded an embargo would cause Japan to retaliate by attacking British and Dutch territories. Tempers flared, with Morgenthau reapproaching Welles for seeking to appease the dictators.<sup>16</sup> Referring to the discussion of the previous evening, Stimson suggested to Welles that British and Dutch authorities could destroy oil wells in their territories, depriving Japan of its military objectives.<sup>17</sup> Ickes added the administration could justify iron and oil embargoes on the need to conserve resources for national defense.<sup>18</sup> After several minutes of debate the meeting ended inconclusively.

Unwilling to abandon stricter economic sanctions, Morgenthau pressed Roosevelt to restrict exports of oil and scrap iron.<sup>19</sup> On July 22, he warned that strategic materials were "slipping through our fingers every day."<sup>20</sup> While inclined to take firmer action, Roosevelt was concerned such measures would cause a Pacific War, impair British resistance against Germany and jeopardize his own political prospects in the upcoming election.<sup>21</sup>

All the same, Morgenthau's arguments to the President reinforced mounting pressure on the State Department to take firmer action against Japan. On July 18, George Walden, Chairman of the Board for STANVAC Oil, informed Stanley Hornbeck that "during the last 48 hours Japanese firms had placed orders in the United States for immediate delivery of somewhere between 300,000 and 400,000 barrels of high grade

aviation gasoline, with additional requirements continuing." Furthermore, Walden told Hornbeck his firm would be willing to forego participation in these sales if the administration wished to impose export restrictions.<sup>22</sup> After discussing this issue with Hornbeck, political advisory James Dunn and chief of Naval Operations Admiral Stark, Welles decided action had to be taken to block excessive shipments of aviation gasoline to Japan.<sup>23</sup> Spurred on by Morgenthau's arguments, Roosevelt arrived at a similar conclusion on July 22 and he directed Welles that "measures [be] taken with the least possible delay to control the exportation of aviation gasoline and lubricating oil for aircraft engines, in order to conserve these materials in the interest of national defense."<sup>24</sup>

During the next few days, bureaucratic conflicts and personal animosities complicated the preparation of the proclamation implementing the President's directive. Joseph C. Green, Chief of the State Department's Division of Controls, acting on Welles's instructions, drafted the necessary documents and sent them to Maxwell for processing through the various executive agencies.<sup>25</sup> Meanwhile, Stimson told Morgenthau on July 24 that the Commander of the Fourth Corps Area in San Francisco reported the Japanese were making "immense purchases of aviation oil," apparently attempting to cover the immediate market with deliveries for 1940. The army commander warned "the [aviation oil] market will be stripped...[and]...should the Army and Navy need it in quanti-

ty during the next six to nine months there would be [a serious] shortage of aviation gasoline."<sup>26</sup>

As he believed this new information underscored the seriousness of the situation, Morgenthau had his staff drafted a proclamation restricting exports of all "petroleum and petroleum products" and sent this directly to Roosevelt while the various executive agencies were reviewing the State Department's document.<sup>27</sup> Thinking the State Department had approved Morgenthau's order, Roosevelt signed it and sent it to the State Department for affixing of the Great Seal before proclamation. At that point, Welles intercepted the document and replaced it with the State Department's order curtailing exports of high octane aviation gasoline, airplane motor oil, tetraethyl lead, and number one heavy metal grade iron and scrap steel. The President signed that version of the order on July 26.<sup>28</sup>

At the Cabinet meeting, Morgenthau complained the State Department's action was a serious error since crude oil and other petroleum produces could be converted into aviation gasoline and the State Department's restrictions did not include diesel fuel used to power submarines and tanks.<sup>29</sup> Welles retorted a total embargo would be difficult to administer and the State Department's form of the order would effectively hamper Japanese air forces.<sup>30</sup> Unconvinced, Morgenthau countered if the "Division of Controls of the State Department and Administrator of Export Controls cannot administer this



proclamation effectively, the Treasury Department can."

"Enforcement of the embargo," he added, "was a comparatively easy problem and that objections raised to the oil and scrap metal control reinforced a growing impression on my part that there is something very seriously wrong with the personnel or system in effect for administering the export controls."<sup>31</sup>

According to Stimson, the President grew restive during this exchange and "raised his hands in the air, refused to participate in it and saw that those two men must go off in the corner and settle this issue."<sup>32</sup>

This incident revealed the limits of Roosevelt's tolerance for dissent in the Cabinet. Though he encouraged debate among his advisors, he was averse to being the victim of bureaucratic or individual spats, particularly when it involved the issuance of executive orders dealing with the sensitive subject of economic sanctions. The political stakes were simply too high in the summer of 1940. According to Stimson, Morgenthau and Welles got together after the Cabinet meeting and "thrashed it out."<sup>33</sup> Evidently satisfied the State Department had finally approved restrictions on oil and scrap iron exports, Stimson believed Morgenthau's disagreements with Welles were over "some minor areas."<sup>34</sup> While Morgenthau did indeed win a partial victory when the President approved firmer economic action, he failed to obtain support for the more sweeping actions he had pressed for during the previous year. Proclamation Number 2417, which was signed on July 26,

restricted the exportation of high grade scrap steel and iron and high grade aviation petroleum products.<sup>35</sup> The administration also promulgated the policy that "in the interests of the national defense the export of aviation gasoline is being limited to nations of the Western Hemisphere except when such gasoline is required elsewhere for the operation of American owned companies."<sup>36</sup> This supplement justified sales to the nation's friends and minimized creating an adversary relationship with the Axis powers. Dissatisfied with this outcome, Morgenthau committed himself to convincing the President to approve stricter policies.

As the administration argued over economic sanctions, the Japanese government underwent another change of leadership with Prince Konoye, a supporter of aggressive imperialism, becoming Prime Minister on July 22. Four days later, his Cabinet approved the "Outline of Basic National Policy" for domestic and foreign matters.<sup>37</sup> This included settling the "China incident;" closing the southern approaches into China; establishing a new order in China; improving relations with the European totalitarian powers; taking a firm stance in negotiations with the French and British on Indochina and Hong Kong; and the pursuit of a "diplomatic policy" to secure oil and other raw material from the Dutch East Indies.<sup>38</sup> All the same, the Japanese had no specific concept for waging war against the United States, Russia, Britain or any other major Pacific power. Existing plans

stressed fighting one foe at a time, a notion one Japanese officer described as "utterly nonsensical."<sup>39</sup>

Even before the announcement of new American economic restrictions on July 26, the Japanese government was negotiating with Dutch authorities at Batavia on obtaining more oil. During the course of these discussions, Dutch authorities asked executives of the American oil company operating in the region, STANVAC, to provide its pro rata share, about 27 percent, of whatever quantity was agreed upon between Dutch and Japanese officials.<sup>40</sup> Before acceding to this request, the Chairman of the Board of STANVAC, Robert Walden met with American State Department officials to determine their position on this issue. On July 25, he was told to avoid "making it possible for Japan to obtain unusually large quantities of petroleum products" and, if possible, to enter into contracts "for a limited period of time."<sup>41</sup> During the next several weeks, STANVAC agreed to Dutch requests to go as far as it could in meeting Japanese demands, and on August 16 STANVAC officials explained the outcome to Stanley Hornbeck. The Far East expert exploded upon learning of the concessions, maintaining they amounted to appeasement of Japan. His outburst reflected the problems with vague State Department instructions the previous month. Upon learning of Hornbeck's complaints, British and Dutch authorities conveyed their anger over American insensitivity on this critical issue to Hull. The Secretary of State calmed

the situation by easing the Far East expert out of involvement in the matter. Meanwhile, Walden neutralized Hornbeck's criticism on August 22 when he explained to Dutch and Japanese officials STANVAC could not sell any aviation fuel to Japan since the British had previously contracted for the company's supplies.<sup>42</sup>

Their limited success in negotiations with Dutch authorities and the American actions of July 26 intensified Japanese concern they might be cut off from the crucial American oil supplies and accentuated their desire to control oil sources in Southeast Asia.<sup>43</sup> On August 3, Japanese envoys protested American economic policies as constituting a "virtual embargo" on oil sales to Japan.<sup>44</sup> State Department officials replied the action was necessary for America's own defense.<sup>45</sup> Despite having some diplomatic value, the economic restrictions had only minor effects on the Japanese economy and military. Though American officials considered oil having an octane number higher than 87 aviation gasoline, Japanese aircraft operated effectively using fuel of between 80 to 87 octane. As Morgenthau had argued, the Japanese could purchase low octane fuel and still meet their military and industrial needs.<sup>46</sup> Though the State Department was certain its meticulously prepared order was devoid of ambiguity, government agencies soon began to complain it was inadequate. On August 2, a representative of Standard Oil of New Jersey informed the Division of Controls the administration's guidelines on fuels

affected by the July 26 order could be interpreted to include "approximately 90 percent of all crude oils produced in the United States...substantially all motor gasolines...[and]... all other light products of petroleum up to kerosene."<sup>47</sup> To correct this, Colonel Maxwell of the Division of Export Controls obtained permission from the Army-Navy Munitions Board of the National Defense Advisory Commission and the State Department's Division of Controls to redefine the petroleum products covered under the President's order.<sup>48</sup> Despite this effort, confusion plagued the administration during the entire period before Pearl Harbor.

The inadequacies of the administration's economic sanction was caused in part by Roosevelt's rejection of sweeping embargoes and reliance on more limited restrictions that provided no increased security for the United States, confused allies and irritated the Japanese. On August 5, Japan demanded that French Indochina grant it rights of passage to attack China and allow it to occupy bases in northern Indochina. Though he denounced Japanese demands, Secretary of State Hull turned down a French request the United States seek assurances from Japan that it did not intend to occupy Indochina.<sup>49</sup> As in the past, the Secretary of State wanted to avoid entangling the United States in the diplomatic struggles between Japan and the European powers. Morgenthau, meanwhile, interpreted these events as demonstrat-

ing the ineffectiveness of the administration's Asian policies.

To further convince Roosevelt to adopt firmer policies, Morgenthau directed the Treasury Division of Research and Statistics on July 29 to publicize and distribute to various government officials weekly reports on American petroleum exports. This information revealed Japan was still buying large amounts of oil in spite of the proclamation of July 26.<sup>50</sup> Morgenthau also asked British Ambassador Lothian to provide a British oil expert with "real knowledge of the oil business" who would get on well with American oil companies, the State Department, and the Treasury.<sup>51</sup>

Unenthusiastic about applying tough sanctions against Japan, the British government sent Sir Andrew Agnew of Royal Dutch Shell, who sought to strengthen Anglo-American relations while discouraging American economic embargoes against Japan.<sup>52</sup>

Morgenthau and Stimson discussed the shortcomings of the administration's policies, particularly "leaks" in the July 26 order. In response to Stimson's inquiries on the matter, Maxwell explained the restrictions were limited in scope and his office was properly implementing them.<sup>53</sup> The Secretary of War accepted this explanation, revealing that he, along with Maxwell and other administration officials did not understand the complexities of the oil industry. Consequently, these same individuals could not understand why Morgenthau was so agitated.

On August 7, Morgenthau invited Standard Oil of New Jersey Vice-Presidents, E. J. Sandler and Frank Howard, STANVAC's Chairman Walden, and other oil experts to brief himself, Ickes, Knox, and other administration officials on the world petroleum situation. Walden opened the discussion with a detailed review of the Asian petroleum situation, providing administration officials with annotated maps and extensive statements on both Japan and the Indies.<sup>54</sup>

Incorporated on September 7, 1933, the Standard-Vacuum Company was a consolidation of Asian producing and refining operations of the Standard Oil Company of New Jersey with Asian, South African, and Australian marketing operations of the Socony Vacuum Oil Company.<sup>55</sup> STANVAC and the British-Dutch owned Shell Corporation controlled the East Asian oil business.<sup>56</sup> Frustrated with Japan's discriminatory trade practices, executives in the two companies urged their respective governments in mid-1934 to threaten oil embargoes to force Japan to liberalize its policies.<sup>57</sup> Failing to obtain such support, the companies circumvented most restrictions until 1937, when Japan's need for oil in the wake of its invasion of China led it to lift many of the unpopular laws.<sup>58</sup>

Though Japan's willingness to compromise on some of its previous demands improved its relations with foreign oil companies, Shell and STANVAC officials became anxious over the worsening situations in Europe and Asia. On September 26,

1938, the two companies dismissed pro-German and pro-Japanese employees. They also developed destruction plans for their refineries and wells in East Asia, hoping to deter Japan from attempting to seize those operations.<sup>59</sup> STANVAC Chairman Walden recognized that his company's well being was closely tied to American Asian policy and he told administration officials if they embargoed oil to Japan, his company "would cooperate fully" and "stop all shipments from all properties under its control all over the world," even though much of that property was not under American jurisdiction."<sup>60</sup>

Walden's willingness to cooperate with the government reinforced Morgenthau's confidence in July 1940 that the administration could rely on private corporations to join in cutting off oil shipments to Japan. Table 2 illustrates data Walden provided Morgenthau and other officials at the meeting on August 7, 1940. This information confirmed Japan's heavy dependence on the United States for oil and underscored Shell and STANVAC's control of almost all Japanese supplies outside the United States. Walden argued although the Japanese had enough tetraethyl lead to produce the aviation fuel that nation needed for its military, they possessed a stockpile of only twenty million barrels of aviation fuel, fifty million less than what the State Department was reporting.<sup>61</sup> At one point, Morgenthau interrupted Walden, "If we wanted to put on a few more sanctions to make it more difficulty for Japan to become aggressive," he asked, "what direction would be the



TABLE 2  
Sources of Japanese Imports of Petroleum and Products, 1939  
(In thousands of 42-gallon barrels)

Shipper and Origin	Crude Oil		Gasoline		Kerosene		Diesel Oil		Fuel Oil		Total	
	Barrels	Percent	Barrels	Percent	Barrels	Percent	Barrels	Percent	Barrels	Percent	Barrels	Percent
Stanvac (M.E.I.)	-	-	705	25.3	281	44.1	-	-	-	-	986	2.9
Asiatic Petroleum (M.E.I., Borneo)	595	3.2	1,012	36.4	138	21.7	1,612	24.5	81	10.0	3,838	11.5
Seahellen Island (Japan)	1,000	5.4	-	-	-	-	-	-	-	-	1,000	3.0
Other Non-U.S.	115	0.6	95	3.4	-	-	-	-	277	5.8	487	1.5
Total Non-U.S.	1,710	9.2	1,812	65.1	419	65.8	1,612	24.5	758	15.8	6,311	18.9
Associated Standard Oil	4,574	24.5	79	2.9	-	-	1,751	26.6	2,182	45.5	8,585	25.6
California	4,884	26.1	57	2.0	77	12.1	-	-	-	-	5,018	15.0
Union	3,078	16.5	121	4.3	109	17.1	465	7.1	52	1.9	3,865	11.5
General Petroleum	865	4.6	215	7.8	2	0.3	1,897	28.8	784	16.4	3,763	11.2
Richfield	1,482	7.9	153	5.5	-	-	-	-	410	8.6	2,045	6.1
Texas	583	3.1	39	1.4	30	4.7	590	8.9	255	5.3	1,497	4.5
Shell	584	3.1	47	1.7	-	-	241	3.7	299	6.2	1,171	3.5
Other U.S.	921	5.0	260	9.3	-	-	29	0.4	15	0.3	1,224	3.7
Total Imports*	18,581	100.0	2,783	100.0	637	100.0	6,584	100.0	4,795	100.0	33,450	100.0

There are several discrepancies between these figures for Japanese imports and those for American exports given in Table B-4. Some would presumably be explained by shipments that left one year and arrived the next, but the large discrepancy in gasoline suggests the additional possibility of a different technical classification of certain grades of products in the two countries.

SOURCE: Memorandum of August 6, 1940, provided to the Secretary of the Treasury by G. S. Walden of the Standard-Vacuum Oil Company; Morgenthau Diary, Vol. 292, p. 268, Roosevelt Library, and letter, Morgenthau to Knox, August 13, 1940, file (SC) JJ7-3, CMO Records, Division of Naval History, Naval Yard, Washington, D.C.; Irvine Anderson, The Standard-Vacuum Oil Company and United States East Asian Policy, 1933-1941 (Princeton, N.J.: Princeton University Press, 1975), Table B-6, pp. 226-27.

next move?" Recognizing Japan could minimize its dependence on American oil by controlling oil supplies in the Dutch East Indies, Walden replied, "I think, Mr. Secretary, that if pressure is so great as to impoverish supplies of oil in Japan, they will move south to the Dutch East Indies."<sup>62</sup>

On August 16, Morgenthau presented his case to the President. Roosevelt continued to reject imposing tougher sanctions against Japan for fear of driving that nation to the south.<sup>63</sup> To some observers, such as Ickes, Roosevelt was surrendering the initiative to the Japanese by basing his policies on fears of their reaction. The Interior Secretary argued that the Japanese would attack the Dutch East Indies when they were ready, regardless of United States actions.<sup>64</sup>

Throughout these discussions on economic sanctions, the service secretaries and the service chiefs played relatively minor roles. Stimson offered Morgenthau moral support, but having just assumed his duties in June and hardpressed to deal with problems associated with expanding and rearming the army, he had little time to devote to economic sanctions. Knox spent the summer getting acquainted with his job and appeared confused by the notion of using economic sanctions to reinforce administration Asian policies. Though he tended to support Morgenthau's arguments, he encountered opposition to those ideas from Stark and other high ranking naval officers.<sup>65</sup> Interestingly, in a naval estimate of the world situation prepared in April 1940, naval

intelligence stressed the potential value of economic warfare against Japan. "Since oil is the war material most vital to Japan in a naval campaign," it explained, "our greatest effort should be to deprive her [Japan] of an adequate supply...."<sup>66</sup> Furthermore, analysts suggested increased economic pressure "would appear to be the most effective means of forcing compliance with our demands."<sup>67</sup>

The discrepancy between the views of senior naval leaders and naval intelligence personnel reflected the differences in their perceptions of economic sanctions. Most naval officers argued that in the event of war, economic pressure was essential to support combat operations. Yet, because of the delicacy of the European situation, these same naval leaders adamantly supported delaying a military confrontation with Japan. There were some naval officers, particularly in naval intelligence, who supported rigid restrictions of oil exports to Japan. The most informed and most avid supporter of this position was the Director of Naval Intelligence, Rear Admiral Walter Anderson, who, on August 26, reported to Admiral Stark the Japanese were circumventing the President's July 26 restrictions. Since that order, he explained, the Japanese had negotiated with various private oil firms for the purchase of low octane gasoline that could be blended with chemicals to produce high grade aviation gasoline.<sup>68</sup> Stark apparently reviewed the information but took no action.<sup>69</sup>

Four days later, Anderson sent the information and recommendations directly to Knox.<sup>70</sup> To make the embargo against Japan air tight, Anderson explained, it was necessary for the various government authorities, including those in the State and Treasury Departments, to establish specific parameters for the embargo. Oil experts could then assist in designing laws prescribing the specific specifications of the substances to be restricted.<sup>71</sup> These suggestions were significant because they reinforced Morgenthau's complaints and offered specific options for dealing with the problem. Knox agreed with Anderson's analysis and directed Undersecretary James Forrestal to discuss the matter with Morgenthau.<sup>72</sup>

The combination of Anderson's report, Morgenthau's complaints of administration inaction, and other forms of bureaucratic "friction" led to Roosevelt's tacit support in September for the formation of an informal coalition of technical experts from the Office of Administration of Export Control, the National Defense Commission, and the State Department's Division of Controls. This group solicited the aid of Walden, and Salader from STANVAC, to provide technical information to assist in alleviating confusion in the administration's economic policies.<sup>73</sup> Yet, Far East expert Hamilton shelved the proposed changes on the grounds that Dutch and Japanese negotiations were going on at the time and that it would not "from a political point of view be advisable to widen...the scope of existing legislation."<sup>74</sup> Preoccupied

with the election campaign, the Selective Service Act, and destroyers for Britain, Roosevelt also showed little interest in revising regulations.<sup>75</sup>

On August 29, the Japanese pressed French officials in Indochina to recognize the "preponderance of Japanese interests" in Southeast Asia.<sup>76</sup> During the next few weeks, several American and foreign officials asked the Roosevelt administration to take action to prevent Japanese occupation of northern Indochina. During the first week of September, Sir Andrew Agnew of Shell and Lord Lothian met with Morgenthau, Hornbeck, and Hull and advocated greater cooperation among the American, British, and Dutch governments on oil policy.<sup>77</sup> This was followed on September 6 by Ambassador Grew's recommendation the administration adopt a firmer policy toward Japan.<sup>78</sup> Hull sympathized with this view, but he believed the administration's previous actions, including the rescinding of the 1911 trade treaty, the emplacing of moral and legal embargoes, the rearming of the nation's military, the positioning of the fleet in the Pacific, and the extending of aid to China sufficiently deterred Japanese expansionism; stricter measures would provoke that nation.<sup>79</sup> "It will not be wise, even from the British standpoint," he told Ambassador Lothian on September 16, "for two wars to be raging at the same time, one in the Continent and the other in the West."<sup>80</sup>

While wanting to prevent a Pacific War, Roosevelt felt compelled to take action to show the Japanese government his opposition to their policies. On September 12, he issued a proclamation restricting the exportation of equipment, material, and technical information involving chemical processes that produced aviation motor fuel from petroleum, petroleum products, or hydrocarbon mixtures.<sup>81</sup> This effort was intended to correct some of the deficiencies of the July 26 order by preventing Japan from acquiring the capability to produce aviation fuel through synthetic processes.

Dissatisfied with these measures, Morgenthau and Ickes pressed the President at a Cabinet meeting the following day to invoke a total embargo on oil, iron and steel. "If we had prohibited the shipment of scrap iron and oil two or three years ago," Ickes maintained, "Japan today might not be in such a strong position."<sup>82</sup> The controversy raged for another week, with the President gradually shifting towards the hardline perspective. During the Cabinet meeting on September 19, Morgenthau, Stimson, and Ickes again urged firmness; Hull stressed the delicacy of the situation in French Indochina.<sup>83</sup>

Three days later, the Japanese forced French authorities to sign a treaty recognizing their special interests in East Asia and permitting them to station six thousand soldiers in Indochina.<sup>84</sup> The Roosevelt administration reacted to this by publicizing a twenty-five million dollar loan to China and by beginning negotiations with the Russians to develop an

arrangement whereby the United States would purchase raw materials from the Soviet Union, who, in turn, would provide military equipment to China. This latter move served a secondary purpose of keeping Russia from improving its relations with Germany and Japan.<sup>85</sup> In an effort to reconcile the differing views of his advisors, Roosevelt also agreed on September 26 to restrict exports of iron and steel scrap to Japan.<sup>86</sup>

On September 27, Japan announced its membership in the Tripartite Alliance, dramatically changing the Roosevelt administration's view of America's Far East interests. Japan's formal relationships with Nazi Germany and Fascist Italy linked America's Far East concerns with the European conflict, and, to many administration officials, the government could not placidly accept further Japanese aggression.<sup>87</sup> Stimson, Morgenthau and Ickes once again proposed a total oil embargo. Referring to the administration's recent restrictions on scrap steel and iron, Morgenthau stressed "the time to put pressure on Japan was before she went into Indochina and not after...and I think the Japanese and the rest of the dictators are just going to laugh at us. The time to have done it," he continued, "was months ago and then maybe Japan would have stopped, looked and listened."<sup>88</sup>

Countering the hardliners, Hull, Welles, and the military chiefs maintained the imposition of a total oil embargo or the positioning of American naval forces in

Singapore would provoke Japan rather than deter it, endangering inadequately defended American Asian territories and detracting from the nation's ability to defend itself against Axis threats to the Western Hemisphere.<sup>89</sup> Morgenthau argued the State Department's position was indefensible. At that moment, he explained, a ship at Galveston, Texas destined for Japan was loaded with 110 drums of 87 octane oil. Though the gasoline met export limitations, the Japanese intended to purchase the ship for scrap at the end of the voyage.<sup>90</sup> After directing Morgenthau to hold the ship, Roosevelt, according to Ickes, seemed agreeable to reducing the allowable octane level for exportable oil to 67.<sup>91</sup>

During subsequent weeks, various government agencies continued to grapple with the oil question. While the President may have appeared favorably disposed towards instituting stricter restrictions on oil exports, such directives were not forthcoming. On October 2, Colonel Maxwell wrote Hull recommending the July 26 order be revised to be more comprehensive. Hull remained silent on the matter for the next three months, responding on December 27 that "in the opinion of the department, considerations of foreign policy make it advisable that...[a broadened definition]...be not used at the present time."<sup>92</sup> During this interim, Japanese envoys continued to negotiate with Dutch authorities in the Indies, seeking a six fold increase in annual shipments for five years. In the hope of minimizing the oil exports to



Japan while simultaneously seeking to avoid provoking that nation into more aggressive moves, Hull endorsed an American recommendation to the Dutch to supply 60 percent of the quantity Japan desired. On October 8, Hubertus J. Von Mook, the Dutch Indies Director of Affairs agreed to provide Japan 1,849,500 tons of crude, approximately 60 percent of what Japan wanted.<sup>93</sup> To the surprise of American and Dutch officials Japan accepted the offer, indicating to some administration officials that Hull's moderate measures successfully prevented war in Asia while minimizing oil exports to Japan.

In spite of the administration's actions, Admiral Anderson reported on November 2 substantial exports of all fuels, including aviation gasoline, continued to increase during the fall. Table 3 reflects these increases:

TABLE 3: Japanese Imports (Fall 1940)

MONTH	AVIATION GAS (BARRELS)	OTHER GAS (BARRELS)
JULY	40,938	119,277
AUGUST	8,540	283,550
SEPTEMBER	115,051	434,384

SOURCE: MEMO, Commander McCollum to Director of Naval Intelligence, Nov 2 1940, NHD:CNO L11-4/EF37; James Herzog, Close the Open Door: America-Japan Diplomatic Negotiations, 1936-1941 (Annapolis, Maryland: Naval Institute Press, 1973), p. 96.

Officials in the Division of Controls argued this data was based on the incorrect assumption that any gasoline suitable for use in airplanes was aviation gasoline, whereas the controls office used a stricter definition based on the octane level. Furthermore, though the Japanese continued to import large quantities of gasoline, the issue was essentially political insofar as the State Department supported lenient policies designed to appease Japan and reduce tensions in East Asia.<sup>94</sup>

During November, the British government supported joint Anglo-America action to limit exports of essential goods to Japan to "normal" quantities.<sup>95</sup> On November 20, the British admiralty sent Admiral Stark a memorandum entitled "Japanese Oil Situation" in which it stressed the Japanese were not as hard pressed for oil as the United States Navy believed. "The only rational means of dealing with the very dangerous situation inherent in further accumulation of stocks by the Japanese," the British argued, "would be by joint policy designed to curtail Japanese chartering of foreign flag tankers."<sup>96</sup> In other words, rather than restricting oil exports, they suggested using indirect means to curtail Japan's ability to transport oil.

Though Stark recognized the proposals had merit, he wanted to concentrate on the Atlantic situation and was concerned about the Pacific Fleet's shortages in men, equipment and training. At the time he was also trying to

convince the President to approve repositioning the fleet on the West coast.<sup>97</sup> Similarly, Hull insisted any action that might provoke Japan was unwise unless American and British forces in East Asia were stronger.<sup>98</sup> Though the British suggestion was not immediately acted on, it served as an additional measure administration hardliners would look to in subsequent months.

Although the National Defense Act of 1940 widened presidential powers over economic warfare, Roosevelt was unwilling to vigorously apply sanctions against Japan. Concerned about the election, aid to Britain, and American isolationism, the President relied on symbolic measures to expand earlier moral embargoes and to avoid provoking Japan. Even when Roosevelt supported limited restrictions on oil, steel, iron, and other raw material exports, imprecise regulations, bureaucratic infighting, and executive vagueness rendered the measures ineffective. When hardliners, led by Morgenthau, Stimson, and Ickes, noted these deficiencies and offered recommendations to correct them, moderates, led by Hull, criticized their efforts as reckless. Moderates relied on the labyrinth of executive agencies and muddled regulations to limit economic sanctions in the vain hope of convincing Japan to negotiate. By November 1940, American economic warfare consisted of a series of presidential orders that irritated rather than deterred Japan and convinced Japanese leaders to defend themselves against western encirclement.

## ENDNOTES TO CHAPTER 2

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<sup>2</sup> Wayne S. Cole, "The Role of the United States Congress and Political Parties," Pearl Harbor As History: Japanese-American Relations, 1931-1941, edited by Dorothy Borg and Shumpei Okamoto (New York: Columbia University Press, 1973), p. 319.

<sup>3</sup> Presidential Proclamation No. 2413, 2 July 1940, Papers Relating to the Foreign Relations of the United States (FRUS), Japan 1931-1941, Vol. II (Washington, D.C.: U.S. Government Printing Office, 1943), pp. 211-212.

<sup>4</sup> Proclamation No. 2413, 2 July 1940, FRUS, Japan, Vol. II, p. 211.

<sup>5</sup> Cordell Hull, Memoirs, Vol. 1 (New York: MacMillan and Company, 1948), pp. 901-902; Irvine Anderson, The Standard-Vacuum Oil Company and United States East Asian Policy, 1933-1941 (Princeton, N.J.: Princeton University Press, 1975), pp. 129-130.

<sup>6</sup> FRUS, Japan, Vol. II, pp. 212, 216; Blum, Morgenthau Diaries: Years of Urgency, p. 348; William Langer and Sigmund Gleason, The Undeclared War, 1940-1941 (New York: Harper and Brothers Publishers, 1953), pp. 191-192.

<sup>7</sup> Hull, Memoirs, Vol. 1, p. 902.

<sup>8</sup> Henry L. Stimson and McGeorge Bundy, On Active Service in Peace and War (New York: Harper and Brothers, 1947), p. 333.

<sup>9</sup> Hull, Memoirs, Vol. I, p. 900.

<sup>10</sup> Dinner described by Stimson, 18 July 1941, The Henry L. Stimson Diaries (New Haven, Connecticut: Yale University Library, Manuscripts and Archives, 1973), V. XXX, p. 23; Blum, Morgenthau Diaries: Years of Urgency, p. 349.

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- 22 Anderson, Standard-Vacuum Oil Company, pp. 130-131.
- 23 Ibid.
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- 27 Anderson, Standard-Vacuum Oil Company, p. 134.
- 28 Ibid.; Blum, Morgenthau Diaries: Years of Urgency, p. 352.
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- 69 Ibid., p. 95.
- 70 Ibid.
- 71 Ibid.
- 72 Ibid.: Anderson, Standard-Vacuum Oil Company, p. 143. Anderson argues that in the summer of 1940, advocates of a total embargo against Japan were outside the line of authority and were unable to influence the President.
- 73 Anderson, Standard-Vacuum Oil Company, pp. 144-145.
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### 3. OCTOBER 1940: RECONSIDERATION OF A NAVAL BLOCKADE OF JAPAN

Throughout the summer and fall of 1940, the British weathered the German aerial blitz, and prepared for the expected invasion of their homeland. By October, when he realized the Germans indefinitely postponed the operation, Churchill decided it was time to take firmer action in Asia and, on October 4, he announced the British government would reopen the Burma Road on October 17.<sup>1</sup> This was significant since the other two major routes for suppliers to China--across the French Indochina and Russian borders--were blocked by Japan's occupation of Indochina and by Russia's reluctance to provoke Japan.

Recognizing his action might infuriate Japan, Churchill appealed to Roosevelt to send a naval force to Singapore as a precautionary measure.<sup>2</sup> This request intensified conflicts already brewing among the President's lieutenants. Since Japan's announcement of September 27 that it joined the Tripartite Alliance, Morgenthau, Ickes, Stimson and Hornbeck pressed the President to invoke a total embargo against Japan. Hull, Welles, the service chiefs and other administration moderates urged restraint.<sup>3</sup> Naval intelligence offered no assurances Japan would not, within the next few

months, move swiftly against the Dutch East Indies, the Philippines or Guam, particularly if the administration's economic policies compelled Japanese leaders to challenge the United States.<sup>4</sup>

During the fall of 1940, the President's advisors became interested in the interplay of economic and military policies; a significant departure from the past when civilian officials evaded the advice of the service chiefs and ignored the limited capabilities of America's small army and one ocean navy. The inadequacies of civil-military communications represented one of the major deficiencies of the Roosevelt administration's diplomacy prior to America's active involvement in World War II, and it contributed to the ineffectiveness of economic warfare in forcing Japan to modify its policies.

Tensions between the two nations increased during the first week of October when the Japanese government warned the administration not to fortify American territory in the eastern Pacific and to demilitarize Guam, Samoa, and Pearl Harbor.<sup>5</sup> Because Japan was allied with the European dictators and because it occupied northern Indochina, the administration viewed these requests as demands for the United States to abandon its Far East interests. On October 5, Hull urged Roosevelt to increase the size of the army, to designate personnel to oversee aircraft and other war production, to advance the delivery of weapons to Britain, and to be prepared

to use existing legislative powers to make these objectives possible.<sup>6</sup> While differing on the use of firmer economic measures, hardliners and moderates agreed the nation should maintain a strong military presence in the Pacific. In a memorandum three days before, Stimson explained "Japan has historically shown that when the United States indicates by clear language and bold actions that she intends to carry out a clear and affirmative policy in the Far East, Japan will yield to that policy even though it conflicts with her own Asiatic policy and conceived interests." In conclusion, Stimson argued, the administration should maintain a consistently firm policy towards Japan.<sup>7</sup>

The Japanese lashed out at America's limited sanctions and at Britain's decision to reopen the Burma Road. While Hull explained to Japanese diplomats America was taking only those steps necessary for national defense, American naval strategists stressed in the event of hostilities between the United States and Japan, military action should be limited to minor naval and air operations operating from Singapore and the Dutch East Indies to intercept Japanese shipping in the western Pacific.<sup>8</sup> Roosevelt sympathized with these recommendations and, in October, he told Knox he was thinking about invoking a total embargo against Japan if it responded aggressively to Britain's reopening of the Burma Road. To support this action, he discussed using naval forces operating

in Hawaii, Philippines, Samoa, and the Dutch East Indies to intercept Japanese shipping.<sup>9</sup>

This was not the first time the President considered such action. As assistant secretary of the navy in the Wilson administration, Roosevelt ascribed to Mahnist strategic concepts, and in October 1917, he demonstrated his knowledge of using naval power to support economic warfare, suggesting the allies mine the English Channel and the North Sea to decrease the effectiveness of German submarines and to strengthen their blockade against Germany.<sup>10</sup>

As President, Roosevelt continually surrounded himself with advisors advocating a strong naval presence in the Far East.<sup>11</sup> According to Sumner Welles, when Japan invaded China in July 1937, Roosevelt directed large scale maps of the Pacific be placed in his White House office and came "to a conclusion about something that could perhaps be done."<sup>12</sup> Besides imposing economic and diplomatic pressure on Japan, the President contemplated an Anglo-American naval blockade. Like so many of his advisors, Roosevelt believed Japan's reliance on imports from Britain and the United States minimized the risks inherent in such action.<sup>13</sup> Lacking assurance of British cooperation and worried the American people would not support him, Roosevelt shelved the idea in September.<sup>14</sup>

Many observers viewed Roosevelt's "Quarantine" speech of the following month as an appeal for tough military

and economic action against Japan. In a memorandum to Admiral William Leahy on October 15, Admiral Yarnell, Commander of the American Asiatic Fleet, recommended combined effort by the United States, France, Britain, Netherlands, and Russia to blockade Japan. Leahy shared these sentiments and forwarded the memorandum to Roosevelt, who responded in a letter on November 10, 1937:

Yarnell makes a lot of sense...it follows from what I wrote in an article in Asia...back in the early 1920's - and it goes along with the word "quarantine" which I used in the Chicago speech last month. Yarnell forgets to mention an example of strangulation when the U.S.<sup>15</sup>, without declaring war, strangled Tripoli.

At the Brussels Conference in November, Norman Davis presented British Foreign Minister Anthony Eden Roosevelt's proposals for Anglo-American sanctions against Japan.<sup>16</sup> Furthermore, according to a letter to Roosevelt from Ambassador William Bullitt in Paris on November 24, 1937, Davis was instructed to present the idea of an Anglo-American blockade against Japan to Eden:

Norman [Davis] has assured me that as soon as the Japanese refuse to join the conference at Brussels, you would launch a project for the effective quarantining of Japan by use of our fleet in the Far East, and even more ardent measures.<sup>17</sup>

The collapse of the talks on November 24 and the President's sensitivity to public criticism of the American involvement in the conference caused Roosevelt to once again postpone the blockade and to ignore Eden's suggestion that the two governments conduct a naval demonstration in the Far East.<sup>18</sup>

After the Japanese attacked the Panay on December 12, 1937, Roosevelt reconsidered a naval blockade. Chief of Naval Operations, Admiral William Leahy, recommended the President order the fleet to prepare for battle and the administration coordinate with the British for joint action. Even though he lacked Roosevelt's approval, Leahy issued preparatory orders to senior naval leaders and conferred with various executive agencies.<sup>19</sup> While most State Department officials opposed military force because the United States was "not yet ready to apply pressure," presidential advisor Norman Davis favored Leahy's recommendations and relayed to him Eden's suggestion of the previous month that the United States and Britain join in a naval demonstration in the Pacific.<sup>20</sup>

On December 16, Roosevelt met secretly with British Ambassador Sir Ronald Lindsay. He proposed that the two nations engage in secret naval talks, as they had prior to America's participation in World War I, and outlined his conception of a joint naval blockade.<sup>21</sup> The purpose of the blockade, he explained, was to cut Japan off from raw materials and that its effectiveness required French and Dutch cooperation. To enforce it, American cruisers, with battle-ships in support, would occupy a blockade line running from the Aleutian Islands, through Hawaii, midway between the Islands to the north of the Philippines; Great Britain would patrol the western section. The United States and Great

Britain would execute the blockade following Japan's next "grave outrage."<sup>22</sup>

Roosevelt believed he knew how to best safeguard allied interests. When Lindsay suggested Britain and the United States participate in a joint naval demonstration in the Pacific, the President rejected the idea as being an ineffective alternative.<sup>23</sup> Yet, Roosevelt also recognized such a gesture would infuriate his domestic critics and could possibly provoke Japan into retaliating. Surprisingly, Roosevelt was confident his blockade would not have these same disadvantages. Apparently, he viewed a naval blockade as a measure short of war and he believed the American people would support the action. When Lindsay questioned the President about how the public would respond to this effort, Roosevelt explained public opinion was "progressing favorably."<sup>24</sup>

As part of his efforts to prepare for further Japanese aggression, the President explained to the House Appropriations Committee, on December 28, the world crisis required increased funding for naval vessels.<sup>25</sup> Meanwhile, Admiral Leahy designated Captain R. E. Ingersoll, the Chief of Naval War Plans, to discuss joint operations with the British. Arriving in London on New Year's Eve, 1937, Ingersoll's two principal missions were to discuss joint strategy in the Far East and modifications to the London Naval Treaty of 1936, which restricted weapons on the signatories' vessels.<sup>26</sup> Eden, who had cancelled a scheduled vacation to meet with Ingersoll,



stressed that the two nations should take immediate action in the Pacific. Because the United States Navy opposed provocative gestures until it was prepared to deal with every eventuality, including war, Ingersoll recommended that he and his British counterparts concentrate on technical military matters and postpone discussions of political issues.<sup>27</sup>

On January 3, 1938, Ingersoll and British First Sea Lord, Admiral Sir Ernee Chatfield, discussed a naval demonstration, similar to Eden's proposal to American officials in November, 1937, and Linday's suggestion to Roosevelt the previous month. Confident the French fleet could adequately safeguard British interest in the Mediterranean, Chatfield maintained that sizeable British force could set sail for Singapore by January 15.<sup>28</sup> Ingersoll replied that although the United States Navy was preparing for action, it required more time and that in compliance with war plans, its first mission was to assume a defensive line on the West Coast of the United States and in the Hawaiian Islands.<sup>29</sup> He then detailed the President's blockade proposal. Two days later, British representatives explained they could stop all Japanese ships crossing a line from Singapore through the Dutch East Indies, New Guinea, New Hebrides, and around the east of Australia and New Zealand. The United States, they assumed, would close the Panama Canal to Japanese traffic and secure the Western Hemisphere. To improve the effectiveness of these operations, the British argued, the Roosevelt administration

should gain the cooperation of the Latin American Republics in severing economic relations with Japan.<sup>30</sup>

Having agreed on general strategy for imposing a blockade, British and American representatives finalized technical details involving communications and codes. On January 13, the First Sea Lord signed the "Record of Conversation," detailing the joint talks.<sup>31</sup> During a luncheon on the same day, Admiral Chatfield quickly approved American requests for modifications of the London treaty, satisfying Ingersoll's second objective in the discussions.<sup>32</sup>

As Ingersoll completed his activities, Roosevelt prepared to cautiously carry out the blockade. He delayed taking serious steps until after the final vote on the Ludlow Resolution, a congressional measure that would have required a national referendum on military involvement overseas before the government could act. Following its defeat on January 10, the President dispatched three cruisers to Singapore as a show of support for the British, advanced the commencement of the spring naval maneuvers, and transferred the American fleet from the Atlantic to the Pacific.<sup>33</sup>

Even as Roosevelt prepared to act, the blockade scheme unravelled. Chamberlain's rejection of the peace proposal on January 13, negative public responses to his defense message to Congress on January 28, and leaks of Ingersoll's consultations with the British convinced the President to abandon the project.<sup>34</sup> All the same, the

administration's consideration of the blockade positively influenced army and navy planners reevaluating War Plan Orange, America's war strategy against Japan. First written in May 1924, it was revised several times--with the tasks of the planners becoming increasingly difficult as the gulf widened between America's Far East commitments and the forces the nation could muster.<sup>35</sup> Army and navy strategists agreed Japan enjoyed marked advantages. With its southernmost naval base only 1500 miles from the Philippines, Japan could land forces on the islands in three days. Forces launched from Japanese controlled Formosa could reach the islands in even less time. The United States, with its major base at Pearl Harbor, five thousand miles away, could not carry out a similar operation for several weeks.<sup>36</sup>

A month after the President's "Quarantine" speech, army and navy strategists began to consider a new plan that would provide for an "initial position in readiness" (initial defensive positions) along the West Coast of the United States and a strategic triangle defined by the geographical lines drawn among Alaska, Hawaii, and Panama.<sup>37</sup> Following Ingersoll's discussions with the British, Admiral Leahy directed the commanders of the Pacific and the Asiatic fleets to draft plans that included joint action with the British.<sup>38</sup>

Though Leahy exaggerated American and British naval capabilities, his ideas and those of other high ranking military officers convinced Congress more action was needed to

improve the nation's defenses. In May 1938, it appointed Rear Admiral A. J. Hepburn to investigate military requirements. The Hepburn Board published its report on December 1, 1938, and recommended the government improve defenses on Guam, Alaska, Midway, Wake, and Oahua. These improvements, Hepburn argued, would make Japanese operations against the Philippines a "precarious undertaking" and would improve the nation's capability to protect American interests in Asia.<sup>39</sup> Though Congress eventually adopted many of the Hepburn Board's recommendations, it did so haltingly, severely limiting America's military readiness in the region.<sup>40</sup> While the Hepburn Board urged Congress to increase military appropriations, army and navy strategists developed new wartime contingency plans on the basis of the prevailing world situation. In June 1939, the Joint Board approved the five "Rainbow" plans, recognizing the many threats to American security.<sup>41</sup>

On July 5, 1939, the President transferred the Joint Board, which since World War I served as a joint army-navy advisory committee for the President, to the newly established Office of the President.<sup>42</sup> While the reorganization was supposed to permit the service chiefs to directly influence national policy without having to operate through the service secretaries, it inadequately dealt with problems associated with coordinating political and military policies. As

administration hardliners discussed firm action against Japan, military officers complained of inadequacies in the nation's forces. On January 26, 1940, Commander of the Pacific Fleet, Admiral James O. Richardson, told Chief of Naval Operations, Admiral Stark, "we don't want to be drawn into this [China incident] unless we have allies, so bound to us that they cannot leave us in a lurch." The navy, he continued, needed time and money to construct bases for the fleet "to put on real pressure" against Japan and "should not go into a thing like this unless we expected to see it through."<sup>43</sup>

In a similar vein, Admiral Stark wrote Admiral Thomas C. Hart, the Commander of the Asiatic fleet on February 9, 1940, emphasizing the current war plans did not include using military force in the absence of war. This required the preparation of "tension plans" that would outline the use of force in this situation. Unfortunately, Stark complained, the preparation of such contingencies required an integrated organizational structure incorporating the State, Treasury, War and Navy Departments, which was nonexistent.<sup>44</sup> Because of this lack of coordination, Stark complained, the administration pursued foreign policies involving the military without consulting senior military leaders.<sup>45</sup>

As they were unable to effect changes in the bureaucratic structure of the executive branch, Stark told Hart the only thing naval commanders could do was to continue to employ their forces in support of the national purpose and the

national policy in such a manner and to such an extent that they could be effective with forces available.<sup>46</sup> In the absence of clear information on the international situation and the administration's policies, military leaders assigned to trouble spots had to meet each situation, according to Stark, with "alert firmness."<sup>47</sup> Though they were concerned about provoking Japan with economic sanctions, most senior military personnel agreed with civilian officials during the first half of 1940 that the fleet's presence in the Pacific adequately deterred Japan and supported national policy.<sup>48</sup>

While the United States Navy conducted Fleet Problem XXI in Hawaiian waters, the Germans launched their spring offensive. In a letter to Admiral Richardson on May 7, Stark explained the President wanted the fleet to remain in that location for a "couple of weeks."<sup>49</sup> This reaction led to intense debate among military and civilian officials in the administration. On May 13, Richardson wrote Stark the administration should reposition the fleet on the West coast to secure the Western Hemisphere.<sup>50</sup>

Still left unresolved was what Roosevelt expected the fleet to do in the Pacific. In a letter on May 22, Richardson asked Stark if the fleet's presence in the Pacific was intended to influence the actions of other nations or was it to secure a stepping off place for belligerent action. As he was trying to do both, Richardson explained, he was unable to train his forces and probably would be unable to accomplish

either.<sup>51</sup> The following day, Marshall, Stark, and Welles discussed these issues, and agreed the administration should avoid a Pacific war and concentrate on defending the Western Hemisphere.<sup>52</sup> While the meeting clarified some issues, it did not define the fleet's mission in the Pacific. Stark pondered this question and the larger one of how the navy should react if Japan attacked the Dutch East Indies. On May 27, he wrote Richardson "I don't know [how to respond to such an attack] and I think there is nobody on God's green earth who can tell you. I do know," he continued, "that my own arguments with regards to this, both in the White House and in the State Department are in line with the thoughts contained in your recent letter."<sup>53</sup>

Hence, at a time when the administration faced major crises in Europe and Asia, its military policies only tacitly supported diplomatic initiatives. As the debate over total economic embargoes against Japan intensified among Roosevelt's advisors during the summer of 1940, the administration expected the navy to deter aggression in the Pacific without specifying how it was to respond in the event of hostilities. Although advisors alluded to the fleet's deterrent value, Stark recognized deterrence was linked to a nation's willingness to use force, and on May 27, he told the President unless the administration was prepared to use force against Japan, "we must not breathe it to a soul, as by doing so we would

completely nullify the reason for our presence in the Hawaiian area...."<sup>54</sup>

In June, the administration took steps to improve the nation's defenses with Roosevelt asking Congress to appropriate funds for a two ocean navy and strategists preparing contingencies to defend South America. Army Chief of Staff General George Marshall was particularly concerned about hemispheric defenses, arguing that because the fascists would like to see the United States tied down in the Pacific, the administration should prepare for a "purely defensive action in the Pacific, with a main effort on the Atlantic side."<sup>55</sup> He and Admiral Stark advocated shifting the fleet to the Atlantic or, if this was not practical, that the administration allocate more long range bombers to Hawaii since opponents in the Pacific would be four-fifths of the way to Hawaii before we knew they had moved."<sup>56</sup> Hull joined Morgenthau, Stimson, and Hornbeck in supporting the Fleet's continued presence in the Pacific as a deterrent to Japan.<sup>57</sup> Unconvinced by the military's arguments, Roosevelt told Stark on June 18, "when I don't know how to move, I stay put."<sup>58</sup>

While Roosevelt's advisors debated this issue, Japanese leaders reconsidered their military strategy. Throughout the 1920's and the 1930's, the Imperial navy envisioned seizing the Philippines, Guam, Singapore and other foreign territories while Japanese submarines and aircraft destroyed American and British forces approaching the area.<sup>59</sup>



This concept was practical as long as both sides relied primarily on battleships. It became unfeasible when the United States had sufficient forces in the Philippines to threaten Japanese forces with long range bombers and to defend against a Japanese invasion. To overcome these obstacles, Japan developed long range bomber and carrier forces to strike against the fixed installation.<sup>60</sup> Still, Japanese army and navy leaders disagreed on defense priorities, with the army viewing the Soviet Union as Japan's greatest adversary and the navy seeing the United States in that role.<sup>61</sup> The Roosevelt administration's decision to locate the American fleet in Hawaiian waters in the summer of 1940 appears to have had little effect on the decisions of Japan's military and civilian leaders, who believed it was crucial to secure bases in Indochina before moving south towards the Dutch East Indies.

In July, 1940, Admiral Richardson went to Washington, D.C., to confer with his superiors on strategy, funding, and other matters. Not long after arriving, the Admiral met with Stanley Hornbeck and gained the impression the Far East expert "was exercising a greater influence on the disposition of the fleet than I was." Furthermore, Richardson noted Hornbeck was "the strong man on the Far East and the cause of our staying in Hawaii where he will hold us as long as he can."<sup>62</sup> Though he exaggerated Hornbeck's influence on the President, Richardson correctly observed the confusing nature of the Far East policies. A few days later, he met

with the President and gained the impression the administration positioned the fleet in Hawaiian waters solely to support diplomatic efforts and to deter Japan, even though the nation was unprepared for war.<sup>63</sup>

Disturbed by the administration's attitude that Japan could be bluffed, Richardson returned to Hawaii and immersed himself in accelerating the training of his forces.<sup>64</sup> Following Secretary of the Navy Knox's visit to Pearl Harbor in September, Richardson wrote Stark that besides stressing shortages of personnel and equipment, he told Knox that poor coordination among administration officials hampered military planning and risked disaster. He asked Knox what was the State Department's concept of the nation's next move, and "does it believe that the fleet is now mobilized and that it could embark on a campaign directly from Hawaii or safely conduct necessary training from the insecure anchorage of Lahaim which is 2000 miles nearer enemy submarine bases than our normal Pacific bases?"<sup>65</sup>

Richardson also ridiculed the administration's attempt to use the fleet as a sort of "mobile Maginot line behind which people can reside in peace."<sup>66</sup> Exacerbating the nation's military unpreparedness, the Admiral argued, were public representations that the fleet was "fully manned, fully trained and ready to fight at the drop of a hat."<sup>67</sup> These distortions, he complained, weakened "the moral fibre" of the country and created an "unhealthy national morale in a country

which may be driven into war on very short notice."<sup>68</sup> "For a people, who may actually be involved in a war in a comparatively short time, to be told that they can risk war without danger or wage war without risk," Richardson prophesied, "may be fatally detrimental to the determined prosecution of the war towards which such conceptions inevitably lead."<sup>69</sup>

With these views still fresh in his mind, Richardson returned to Washington, D.C., in October to discuss the fleet's future. Having already learned from Knox and Stark that the President was considering reinforcing the Asiatic Fleet while keeping the bulk of the fleet in Hawaiian waters, Richardson lunched with Roosevelt on October 8. During this private audience, Roosevelt mentioned using naval forces to enforce an economic blockade against Japan. As he was frustrated after his many months of lobbying to move the fleet back to the West coast, Richardson argued the fleet was unprepared for war and Japan would not be deterred by it. To this, Roosevelt responded "despite what you believe, I know that the presence of the fleet in the Hawaiian area has had and is now having, a restraining influence on the actions of Japan."<sup>70</sup> "Mr. Roosevelt," Richardson exploded, "I still do not believe it, and I do know that our fleet is disadvantageously disposed for preparing for or initiating war operations."<sup>71</sup> The strain of the past months was evident as the

Commander of the Pacific Fleet criticized the President and his advisors:

Mr. President, I feel that I must tell you that the senior officers of the navy do not have the trust or confidence of the civilian leadership of this country that is essential for a successful prosecution of a war in the Pacific."<sup>72</sup>

Richardson accomplished little with his strident criticisms of the administration. Roosevelt was unswayed, and as the Admiral was about to leave, the President stated he could be persuaded of the desirability of returning the fleet to the West coast "if he could give a good statement that would convince "the American people, and the Japanese government, that in bringing the battleships to the West coast we are not stepping backward."<sup>73</sup>

Two days later Richardson met with Knox, who reiterated the President's notion of using "a patrol of light ships in two lines extending from Hawaii westward to the Philippines, and from Samoa toward the Dutch East Indies."<sup>74</sup> When the Admiral protested his forces were unprepared and inadequately equipped for such an operation, Knox replied that though he was Secretary of the Navy, he was not a strategist and angrily told Richardson that if he did not like the President's plans then he should "draw up one of [his] own to accomplish the same purpose."<sup>75</sup>

Richardson accepted this challenge and based on his talks with various administration officials, he concluded the Asian situation might worsen after Britain reopened the Burma

Road. If this occurred, the United States might invoke a total trade embargo and naval blockade against Japan. Because the administration seemed ready to support British and Dutch forces in the western Pacific, Richardson reasoned, it seemed prepared to go to war to defend its Asian interests.<sup>76</sup> In addition to these requirements, forces were needed to defend and to reinforce the Asiatic fleet.<sup>77</sup> To defend America's interests, the navy and army had to revise the existing war plans for the Pacific to permit the rapid organization of forces superior to those of Japan. This meant the United States had to construct more ships and other military hardware, to expand its army, to improve its defenses in the Western Hemisphere, and to gain time for these tasks to be accomplished.<sup>78</sup>

As Richardson worked on his recommendations, administration hardliners saw the President's interest in a blockade of Japan as a signal of support for tough economic sanctions. On October 12, Stimson wrote to Roosevelt, complaining some naval leaders, particularly Richardson and Stark, rejected bold action against Japan and the State Department was reluctant to use existing statutes to "shut off Japan from the war materials which she is comfortably drawing away from us."<sup>79</sup> By positioning the fleet at Singapore, Stimson contended, the United States could convey to Japan's leaders that it would not permit further expansion.<sup>80</sup> To strengthen the effectiveness of this action, the Secretary of

War also supported establishing air bases in the western Pacific from which Japanese cities and military forces could be attacked.<sup>81</sup>

In a speech on October 12, Roosevelt emphasized that "no combination of dictator countries of Europe and Asia will halt us in the path we see ahead for ourselves and for democracy. No combination of dictator countries...will stop the help we are giving to...those who resist aggression and who hold the aggression from our shores...the people of the United States...reject the doctrine of appeasement."<sup>82</sup> Yet, Admiral Stark still faced the dilemma of trying to reconcile the President's objectives and Richardson's valid criticisms of administration policies. On November 4, he and his staff prepared a memorandum, later known as Plan Dog, which described several strategic options. The naval strategists assumed that any plan must preserve the territorial, economic, and ideological integrity of the United States and the rest of the Western Hemisphere; must prevent the dismantling of the British Empire; and must protect the nation's Far East interests.<sup>83</sup> Moreover, the planners believed the nation would most likely become embroiled in a two front war. Stark concluded that administration should, in the event of such a war, support bold offensive action in the Atlantic and conduct defensive operations in the Pacific. Without achieving a victory in Europe, Stark asserted, the United States would be

unable to defeat Japan.<sup>84</sup> In the event of hostilities, Stark continued, the fleet should be positioned in the Atlantic.<sup>85</sup>

This document was significant, for it was one of the first instances where the navy sought to reconcile differences between military strategy and the administration's foreign policies. Furthermore, it addressed Richardson's criticisms of the past several months while supporting Roosevelt's general objectives. Secretary Knox reviewed the memorandum on November 4, and in the margin of his copy he wrote that in combination with Dutch and British forces, the United States could contain the Japanese fleet, while preventing Japanese forces from invading the Dutch East Indies.<sup>86</sup>

Stark recognized the administration had to take clear, bold action in response to the deteriorating international situation. In a letter to Admiral Hart on November 7, the Chief of Naval Operations explained "the Navy is already in the war of the Atlantic, but the country doesn't seem to realize it."<sup>87</sup> Five days later, in another letter to Hart, Stark outlined Plan Dog and explained that Japan wanted to avoid war with the United States, preferring instead to consolidate its gains in Indochina. If the administration refrained from imposing further economic sanctions against Japan, Stark contended, it could stabilize the international situation "over a considerable period of time."<sup>88</sup> As he had in the past, Stark emphasized the value of starving Japan economically in the event of war.<sup>89</sup> This view underscored the

crux of the controversy among military and civilian officials. While civilian advisors valued economic sanctions to support diplomacy, the military considered them weapons.

Though Stark believed his efforts would bridge the gap between American foreign and military policies, General Marshall and his staff interpreted the Plan Dog memorandum as a naval biased plan for action in the Pacific. To this Admiral Stark retorted if the United States became involved in a Pacific war, it would not be because the navy willed it.<sup>90</sup> Nevertheless, Marshall insisted on a clear annunciation of military priorities and persuaded the service secretaries and the Secretary of State to affirm "a decision not willingly to engage in any war against Japan."<sup>91</sup> While this episode was a continuation of long standing rivalries between the two services, it obscured that senior military leaders agreed that Germany was the greater threat and that a Pacific conflict should be avoided or delayed until the allies were victorious.

Roosevelt never had to carry out the blockade. By the end of October, he recognized Japan was not going to retaliate against Britain. Moreover, Japan's conciliatory language following American complaints about its alliance with the Axis encouraged him. Even so, the President's consideration of a blockade reflected his belief it was a measure short of war, as were economic sanctions. Though Roosevelt and his supporters may have considered the project practical, the army and the navy were incapable of executing it. If the



administration would have proceeded, Japan may very well have attacked American forces and possibly may have sunk the bulk of the United States Navy. Because Japanese leaders harbored intense territorial ambitions that a naval blockade would have threatened, Roosevelt's view that it was not an act of war was unconvincing.

The consummate politician, Roosevelt refrained from adopting a program that may have eroded public support. As he was seeking an unprecedented third term, this last flirtation with a blockade was a sensitive issue that could have torpedoed his standing in the polls and could have reduced American support for Britain. In a speech on October 30, only a few days before the election, the President assured Bostonians "your boys are not going to be sent into any foreign wars."<sup>92</sup>

Roosevelt won the election by the smallest margin in a presidential election since Wilson's victory in 1916. Yet, he was relieved it was not closer since foreign observers and domestic critics may have interpreted this as a victory for anti-British, pro-appeasement groups in America.<sup>93</sup> With the election over, Roosevelt concentrated on aiding Great Britain and China. In spite of his commitment to give Britain half of all newly produced military equipment, the President had to overcome legal barriers to assistance, including the Johnson Act and the cash-and-carry provisions of the 1939 Neutrality Law.<sup>94</sup> Meanwhile, even though Britain's reopening of the

Burma Road permitted the allies to transport more equipment to China, the United States possessed insufficient shipping to move war material to Asia.<sup>95</sup>

Having postponed the blockade against Japan, the President did not act on Stark's Plan Dog memorandum. He did, however, approve the naval leader's recommendation that the American and British military confer on joint strategy on the conditions that the dialogues were secret and noncommittal.<sup>96</sup> Since 1937, when he should have made important decisions on the positioning of forces, military appropriations, and strategic priorities, Roosevelt wavered, complicating the military's job. At the same time, the President was willing to overrule the military chiefs when their advice diverged from his own notions.<sup>97</sup> As the new year approached, Roosevelt was uncertain as to what policies he should pursue. Britain was barely surviving and the United States was still months away from being ready for war. Even though limited sanctions had yet to diminish the Japanese threat to American interests, the President told Hull and Welles in late November he would not embargo oil to Japan for fear of precipitating its attack against the Dutch East Indies.<sup>98</sup>

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<sup>3</sup> Ibid., pp. 82-96; John Blum, From the Morgenthau Diaries: Years of Urgency, 1938-1945 (Boston: Houghton Mifflin Company, 1965), pp. 188-189.

<sup>4</sup> Herzog, Closing the Open Door, p. 81

<sup>5</sup> Harold L. Ickes, The Secret Diary of Harold Ickes: The Lowering Clouds, 1939-1941 (New York: Simon and Schuster, 1941), pp. 346-347.

<sup>6</sup> Cordell Hull, Memoirs of Cordell Hull, Vol. 1, (New York: MacMillan and Company, 1948), p. 910.

<sup>7</sup> Henry L. Stimson and McGeorge Bundy, On Active Service in Peace and War (New York: Harper and Brothers, 1947), p. 384.

<sup>8</sup> Japanese Protests, 7 October 1940, and American response, 8 October 1940, Papers Relating to the Foreign Relations of the United States (FRUS), Japan, 1931-1941, Vol. II (Washington, D.C.: United States Government Printing Office, 1943), pp. 223-225.

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<sup>10</sup> Sumner Welles, Seven Decisions That Shaped History (New York: Harper and Brothers, 1950), p. 68; Joseph P. Lash, Roosevelt and Churchill, 1939-1941: The Partnership That Saved the West (New York: W. W. Norton and Company, Inc., 1976), pp. 36, 40, 47; Elliot Roosevelt, ed., FDR: His Personal Letters, 1905-1928, Vol. 1 (New York: Duell, Sloan, and Pearce, 1948), pp. 364-365.

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<sup>14</sup> Ibid.

<sup>15</sup> Yarnell and Roosevelt cited in Waldo H. Heinrichs, Jr., "The Role of the United States Navy," Pearl Harbor As History: Japanese-American Relations, 1931-1941, edited by Dorothy Borg and Shumpei Okamoto (New York: Columbia University Press, 1973), p. 212.

<sup>16</sup> John McVicker Haight, "Roosevelt and the Aftermath of the Quarantine Speech," Review of Politics, Vol. 24 (April 29, 1962), pp. 238, 242-246, 248, 251; Nancy H. Hooker, ed., The Moffat Papers (Cambridge, Mass.: Harvard University Press, 1958), pp. 156-157; Anthony Eden, Memoirs of Anthony Eden, Earl of Avon: Facing the Dictators (Boston: Houghton Mifflin Company, Riverside Press, 1962), pp. 609-617.

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<sup>18</sup> Eden, Memoirs, pp. 613-617.

<sup>19</sup> Haight, "Roosevelt and a Naval Quarantine of Japan," p. 208.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid., pp. 209-210; Eden, Memoirs, pp. 615-618.

<sup>22</sup> Eden, Memoirs, p. 618; Haight, "Roosevelt and a Naval Quarantine of Japan," p. 210.

<sup>23</sup> Eden, Memoirs, p. 618.

<sup>24</sup> Ibid.

<sup>25</sup> Samuel Rosenman, The Public Papers and Addresses of Franklin D. Roosevelt, 1937 (New York: MacMillan Company, 1941), p. 554.

<sup>26</sup> Testimony of Admiral Robert Ingersoll, U.S. Congress, Joint Committee on the Investigation of the Pearl Harbor Attack, Pearl Harbor Attack, Hearings, 79th Congress.,

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#### 4. SPRING 1941: ECONOMIC ACTIONS, NEGOTIATIONS, AND DETERRENCE

In the beginning of 1941, hardliners continued to urge the President to employ rigid economic sanctions to cripple Japan's military. Moderates protested such gestures would only antagonize Japan and strengthen militarists in the Japanese government. During the spring of 1941, Roosevelt shifted cautiously towards adopting stricter policies. Contributing to this change in attitude were the ineffectiveness of limited economic action, the disappointing Hull-Nomura talks, and the persistent controversy over positioning the fleet to deter Japanese aggression.

Though he acceded to greater aid to China and more stringent commercial relations with Japan during the fall of 1940, Roosevelt rejected total economic embargoes. "If we forbid oil shipments to Japan," he explained to his wife on 13 November, "Japan will increase her purchases of Mexican oil and, furthermore, may be driven by actual necessity to a descent on the Dutch East Indies."<sup>1</sup> Despite these sentiments, the President linked safeguarding Pacific territories with aiding Britain, which he considered to be America's first priority.<sup>2</sup> During the next several weeks the President met with various advisors, experts, and friends, searching for the best way to handle the situation. On December 14, Ambassador

Grew in Japan urged him to adopt firmer economic sanctions for though such measures entailed risks, especially ones of miscalculation, those risks "are less in degree than the far greater future dangers which we would face if we were to follow a policy of laissez-faire."<sup>3</sup> Echoing Richardson's warnings of the previous October, Grew told Roosevelt "if we take measures 'short of war' with no real intention to carry those measures to their final conclusion if necessary, such lack of intention will be all too obvious to the Japanese who will proceed undeterred."<sup>4</sup> While agreeing with the general tone of these comments, the President responded the following month "our problem being one of defense, we cannot lay down hard and fast plans. As each development occurs, we must in the light of the circumstances then existing, decide when and where we can most effectively marshal and make use of our resources."<sup>5</sup>

Many advocates of greater aid to the allies and of harsher sanctions against Japan viewed Roosevelt's unwillingness to lead the American people vigorously as the major obstacle to more effective foreign policies.<sup>6</sup> According to historian James MacGregor Burns, Roosevelt would lead--but not by more than a step. He seemed beguiled by public opinion and, while exhibiting confidence in the future, the President seemed irresolute.<sup>7</sup> Consequently, when a December 11 poll indicated 78 percent of Americans wanted to do everything to help England "except go to war," the President was uncertain

how to proceed.<sup>8</sup> This led to further confusion in the administration for even to his intimates, there seemed to be no pattern to Roosevelt's thinking. Sometimes he deferred on making decisions on crucial matters only to spend time on less important ones. Yet, according to Burns, if Roosevelt's work habits were unorganized, they revealed a habit of mind, a state of intellect and accessibility.<sup>9</sup> After eight years, the President was still cautious, still experimenting, and still receptive to new ideas.<sup>10</sup> Conscious of the criticisms of his leadership, Roosevelt claimed he understood better than most the importance of gaining the support of the people.<sup>11</sup>

After learning in December 1940 that Japan was making large purchases of raw materials to increase stockpiles in support of future military operations, Roosevelt reasoned if he were to convince Americans of the importance of extending greater aid to the allies, he would have to vigorously oppose Japanese expansionism in Asia. Consequently on December 10, he restricted exports of iron and steel alloys and finished products.<sup>12</sup> Ten days later he prohibited trade in various chemicals, abrasives, measuring devices, machinery used in the production of plastics, and equipment used to produce aviation lubricating oils.<sup>13</sup>

To aid Britain and to avoid inciting isolationists, the President devised Lend Lease, first enunciated on December 17, which permitted the administration to circumvent the 1939 Neutrality Act bans on government loans to other nations

for their purchases of military equipment.<sup>14</sup> On December 29, Roosevelt asked the nation to support more vigorous steps to oppose the Axis, calling for an end to the notion of "business as usual" and asserting that the nation must become the "arsenal of democracy." Americans responded favorably to the radio address, with 60 percent of the nation approving of greater aid to Britain.<sup>15</sup>

Perceiving this support as a mandate for "speed and complete action" against "obvious danger," Roosevelt outlined to Congress on January 6 his three-fold policy of full support for peoples resisting aggression, keeping war away from the Western Hemisphere, and opposing appeasement of aggressors. He explained that the allies inability to pay cash for weapons must not force them to capitulate. To mollify isolationists who viewed these pronouncements as indicating a presidential commitment to defend the British Empire, Roosevelt proclaimed the nation's peace aims to be to secure "a world founded upon four essential human freedoms: freedom of speech; freedom of religion; freedom from want; and freedom from fear."<sup>16</sup>

Nonetheless, during the winter and early spring of 1941, German submarines sank British merchantmen in the western Atlantic at the rate of five and a half times Britain's annual ship building capacity.<sup>17</sup> Without direct American action against German submarines, Stimson argued in January, the dispatch of additional equipment to Britain would be futile. Roosevelt replied "when a nation convoys ships

through a hostile zone...there is apt to be some shooting...and shooting comes awfully close to war...that is the last thing that we have in our minds."<sup>18</sup>

The President's comments reflected the paradox of American foreign policy during this period and represented the ambiguous views of the American people. Hoping to defeat the Axis through indirect means, Roosevelt did not want to commit American forces to direct action against Germany. Japan, meanwhile, took advantage of German's successes to pressure Dutch Indies officials on January 16 to increase their exports of raw materials to Japan, to permit Japan to explore for oil and other minerals in the Dutch Indies, and to grant fishing rights to Japanese fishermen.<sup>19</sup> Tensions between the allies and Japan were exacerbated when Japan intervened in a border dispute between Indochina and Thailand, an action the British condemned as Japan's attempt to expand south.<sup>20</sup> Hull admonished Japan for this intervention while appearing before the House Committee on Foreign Affairs on January 15, asserting that the administration recognized Japan had broad and ambitious plans to dominate the western Pacific and that "such a program for the subjugation and ruthless exploitation by one country of nearly half of the population of the world is a matter of immense significance, importance, and concern to every nation wherever located."<sup>21</sup>

As in December, Roosevelt felt compelled to take action against Japan since he was chastizing Germany for its

aggression in Europe. On January 10, he restricted exports of raw materials essential to Japan's military and industry including copper, brass, bronze, zinc, nickel, and potash.<sup>22</sup> In subsequent weeks, the President ordered embargoes on assorted raw materials, minerals, and commodities including aluminum foil (January 29); metal oil drums, iron and steel products, tin plate, electric wire, and metal fencing (February 4); well and refining machinery, radium, and uranium (February 4); belladonna, atropine, sole leather, and belting leather (25 February); beryllium, graphite electrodes, and pilot burners (25 February); jute, lead, borax, and phosphorous (4 March); cadmium, carbon black, fatty acids, shellac, and titanium (4 March); controls on technical information related to production processes of substances restricted through previous orders (4 March); various chemicals and vegetable and animal oils (27 March); and selected manufacturing machinery and industrial chemicals (14 April).<sup>23</sup>

Through this steady stream of restrictions, Roosevelt hoped to impress upon Japanese leaders the seriousness with which the administration viewed their expansionist policies. While hardliners were dissatisfied he did not embargo oil, Cordell Hull believed these measures adequately prevented Japan from making mass purchases and, along with increased aid to China, slowed Japan as much as possible "by fighting a rear guard action, without doing it so stringently

as to deprive her to get supplies by making an attack on the Netherlands Indies."<sup>24</sup>

Hull's disagreements with Morgenthau and other hardliners during the early spring reflected an intense debate among American and allied officials over more vigorous economic measures that ranged from securing Dutch East Indies oil wells to a total embargo on oil exports to Japan.<sup>25</sup> In February, the British again proposed that the United States and Britain limit Japan's oil stockpiles through controls on tankers. The British estimated that as of March 3, the Japanese had oil reserves of 39.5 million gallons, sufficient for nine months of war.<sup>26</sup> Limiting oil shipments to Japan, they argued, would cause Japan to deplete existing reserves and prevent it from conducting offensive operations in Asia. American experts estimated Japan's reserves to be 75.5 million gallons, enough for eighteen months of war, and, as such, any interruption of oil shipments would have no immediate effect.<sup>27</sup> While disagreeing on the size of Japan's stockpiles, American and British officials concurred that Japan was increasing its reserves, particularly in grades of aviation fuel below 87 octane.<sup>28</sup>

On January 23, 1941, Far East expert Maxwell Hamilton, who was normally an advocate of moderate policies, argued that because only seven companies controlled all of the 217 American owned foreign flag tankers, the administration could feasibly restrict Japan's oil imports by disrupting



tanker traffic.<sup>29</sup> Without telling the British he agreed with this concept, Hull requested the Maritime Commission pressure American companies controlling foreign flag tankers to withdraw from the Japanese trade.<sup>30</sup> Although they were unable to obtain official confirmation of American policy on this matter, the British observed the decline in American tanker operations in the Far East and took similar action in April.<sup>31</sup> Hull's unwillingness to cooperate openly with the British on this matter reflected administration concern that its policies would become entangled with those of other nations, interfering with American-Japanese negotiations and restricting the administration's freedom of action.

Even as he reviewed British proposals on limiting tanker operations, Hull received additional pressure from Lord Halifax to increase American restrictions on oil exports through stringent licensing requirements, preemptive buying and controlling Japan's foreign reserves. British concern was founded on Japan's purchasing of four million barrels of gasoline from the United States between July 1940 and March 1941; on the Roosevelt administration's release of export permits of another five million gallons; and on Japan's request for an additional two million gallons. Together these amounts were two times Japan's annual prewar imports from all sources.<sup>32</sup>

Agreeing that the administration needed to forestall massive Japanese shipments of American oil, Hull directed

Hornbeck, Hamilton, and Ballantine to examine ways to establish a quota system that would limit Japan's oil imports to some predetermined prewar level. To give the State Department time to reexamine administration oil policy, the Administrator of Export Controls suspended on March 6 further action on pending Japanese applications for oil. While this action did not affect transactions previously validated, it effectively prevented the issuance of further licenses for gasoline, lubricating oil or crude to Japan.<sup>33</sup> In early April, the State Department's Division of Controls and the Far East Division agreed to a quota system based on Japanese imports in 1936 and established stricter definitions of aviation fuel. The entire effort was scrapped, however, to avoid interfering with Japanese and Dutch officials renegotiating their six month Batavia contracts that were due to expire on April 30.<sup>34</sup>

During March and April, representatives from STANVAC and Shell conferred with British, Dutch and American officials to determine what concessions they would grant Japan. On March 30, Japanese negotiators sought to renew the existing contracts for another six months and include a carryover of previously contracted but undelivered fuel.<sup>35</sup> As it recognized Japan had only enough shipping to move about two-thirds of the products guaranteed for delivery, the State Department advised the oil companies to renew the contracts on the same terms as before, leaving open the issue of undelivered balances. Desiring to avoid disrupting oil shipments and

recognizing that they could still purchase oil from the United States, the Japanese accepted the offer, and in subsequent talks, the parties agreed to ship a portion of the undelivered balances.<sup>36</sup>

As his advisors reviewed economic policies, Roosevelt sought to limit public opposition to greater aid to the allies by striking a balance between assistance and actions his opponents could claim were commitments to intervene in the war. Many of Roosevelt's critics have stressed his deviousness during this period, his unwillingness to antagonize political opponents, and his failure to convince the American people of the need for assisting the allies. His indirectness was evident on April 10, when he told his War Cabinet--Stimson, Knox, Morgenthau, Hull, and Hopkins--he was planning to extend the United States's security zone to longitude line 25° West, including all of Greenland, and the Azores, and he was going to direct naval patrols to search for German raiders and to warn British convoys of their locations. He preferred to describe American activities as "patrolling" because "public opinion was not yet ready for the United States to convoy ships."<sup>37</sup> A poll in April supported this view, with the public opposed to escorting by 50 to 41 per cent and opposed to going to war against Germany by 50 to 40 per cent.<sup>38</sup> Rather than lead the public on this issue, Roosevelt decided on April 15 he would make no formal statement on patrolling, but would simply give the orders and let

the news leak. Stimson and Morgenthau opposed this notion, suggesting the tactic might backfire and embarrass the administration.<sup>39</sup>

Still believing he understood the American people better than his advisors and could properly ascertain the measures they would accept, Roosevelt pursued policies that minimized anxiety and dissension. Critics that maintain the President should have provided more direct, forceful leadership do not convincingly show how this would have changed the government's policies or influenced international events. At best, the administration would have applied the same sanctions against the Axis using different terminology and, at worst, Congress may have tried to impeach Roosevelt. Without strong military forces with which to counter Axis aggression directed against the United States, more forceful executive leadership may have proven disastrous.

Administration officials advocating firmness against Japan complained the President's actions were inadequate for the purpose of compelling Japanese leaders to modify their policies. Hull, however, believed the Japanese were proceeding on the assumption American isolationists and the administration's concern about the European war offered them the opportunity to use bellicose language to cow the United States into compromising American principles, interests, and rights in Asia.<sup>40</sup> Limited economic measures, he argued, were forcing Japan into a commodity economy, producing a low standard of

living. Moreover, he believed Japanese leaders were still unsure when and where the United States would use force.<sup>41</sup> Hence, administration policy, according to Hull, established the foundations for negotiations and safeguarded America's Asian interests.

The administration's policies did indeed lead to uncertainty among Japanese leaders, but this contributed to their decision to prepare for war. During December 1940, the Imperial army began to train three divisions in jungle warfare and, by January, Japanese patrols were flying reconnaissance missions over the Malayan Coast and the Philippines.<sup>42</sup> Still, some Japanese officials hoped for a negotiated settlement. After talking to Japanese Prime Minister Prince Konoye in January, two American priests, Bishop James E. Walker and Father James M. Drought, described to Hull and Roosevelt Konoye's desire for peace.<sup>43</sup> On January 23, Admiral Nomura Kichisaburo, the newly appointed Japanese Ambassador to the United States, departed Japan with the mission of improving relations with the United States. Japan should do anything to ease tensions, he believed, while seeking a compromise with the West. In exchange for certain assurances that Japan would be permitted to expand economically, the Japanese government would take the position that it was not obliged as a member of the Tripartite Pact to go to war against the allies.<sup>44</sup>

Hull greeted this opportunity to meet with Nomura with mixed feelings. In a memorandum to the President on

February 5, he noted that Japan's leaders were bent on conquest and that it would be "extremely difficult to check or change the direction at this time."<sup>45</sup> Nevertheless, Hull also believed Japan's economy was ailing and by extending economic assistance as part of a general agreement, the administration could drive a wedge between Japan and Germany, encourage Japan to modify its "China positions," and induce Japanese leaders to draw closer to the United States. "By ear marking, but leaving in the United States, heavy gold credits, with interest payments, for substantiating the currencies of Japan and China," he argued, "the United States would put the Far East on a money economy like our own, and hold over both China and Japan the threat of withdrawal for any failure to comply with the political provisions of the joint agreements."<sup>46</sup>

In keeping with his long time support for free trade as an instrument of peace, Hull reasoned "the Japanese who now despair of American friendship would welcome it as the greatest boon to their national life and security, for which the Japanese would sacrifice anything except their Far Eastern position."<sup>47</sup> The President and Hull agreed the European conflict, vast Pacific territories that had to be defended, lack of American military preparedness, divided public opinion, and vulnerabilities of British and Dutch territories compelled them to engage in negotiations.

American distrust of Japan shrouded the negotiations. Beginning on September 25, 1940, the army's Signal

Intelligence Service, headed by William F. Friedman, broke the Japanese diplomatic code, designated Purple.<sup>48</sup> Since then, the administration used intercepted Japan diplomatic messages, code name "MAGIC," to gain information on the Japanese government's foreign policies, intentions, and perceptions.<sup>49</sup> On February 14, Roosevelt learned Japanese Foreign Minister Matsouka wanted the United States to recognize Japanese hegemony in the western Pacific and Japan intended to eventually attack Singapore to acquire bases in Indochina and Siam and to incorporate most of Southeast Asia into the Greater East Asian Co-Prosperity Sphere.<sup>50</sup> Six days later, the President told Welles these ideas were the product of a "disturbed mind, and that of a person incapable of thinking quietly and logically."<sup>51</sup>

During their first meeting on March 8, Nomura told Hull continued American economic sanctions might strengthen Japanese militarists. To this Hull replied Japan caused the tensions and the actions taken were for the purpose of Americans self-defense.<sup>52</sup> In addition to Hull, Nomura met with other American military and civilian officials in the hope of convincing the administration of his sincerity in seeking a peaceful resolution of differences. In a meeting with retired Admiral W. V. Pratt on March 4, Nomura explained leading Japanese military officers opposed military expansion, preferring, instead, to "save face" in Indochina along diplomatic and economic lines. Of particular concern to Japan's leaders,

Pratt attested to after the interview, was fear of communism spreading into China.<sup>53</sup> Nomura's efforts were not without success for he convinced Pratt and others of his earnestness for peace.

On March 14, Roosevelt met with Nomura. After listening to the Japanese Ambassador's explanation of Japan's aspirations and his downplaying of Matsouka's rhetoric, the President emphasized Japan's expansionism in the Far East and membership in the Tripartite Alliance concerned the United States.<sup>54</sup> In spite of his strong language, Roosevelt was unable to influence the direction of the talks. During the first two weeks of April, Hull outlined the administration's four principles for peace in the region; respect for the territorial integrity and sovereignty of all nations; noninterference in the internal affairs of other countries; respect for equality, including equal commercial privileges, of all nations in the Far East; and refraining from disturbing the status quo in the Pacific, except as may be attained through peaceful means.<sup>55</sup>

Japan, however, was unwilling, owing to internal political reasons, to renounce its interests in China. On April 13, the Japanese government signed a neutrality pact with the Soviet Union, demonstrating it was committed to attaining hegemony in the region.<sup>56</sup> By May 3, after having delayed a reply to Hull's proposals, Matsouka told Nomura to offer the United States a neutrality pact similar to the one



recently negotiated between Japan and the Soviet Union.<sup>57</sup> When he received this offer on May 12, Hull decided an outright rejection might lead to the cancellation of discussions, and, after conferring with the President, decided to introduce counter-proposals designed to separate Japan from the European dictators.<sup>58</sup> In retrospect, this was unnecessary since Japan's leaders did not consider themselves bound to any firm commitment to the Axis.<sup>59</sup> Yet, on May 14, as the administration prepared its proposals, Matsouka told Grew British forces in Singapore were provocative and Japan still intended to move south, peacefully if possible.<sup>60</sup> Hence, the major obstacle between the two nations continued to be the schism between the administration's devotion to moral principles and Japan's territorial ambitions.

While the MAGIC intercepts were, according to Hull, of only minimal significance during this stage of the negotiations, the system the administration created to maintain security and disseminate information contributed to breakdowns in policy making. Following the breaking of the Japanese code, army and navy intelligence services sacrificed collective benefits while racing to get "credit" for breakthroughs and to impress the President. To solve this problem, army and navy leaders reached an agreement in the fall of 1940 that provided for the exchange of information and held that the navy would translate Japanese traffic on odd days and the army would perform that function on even days. Moreover, the navy

was to send its reports to the President and the army would provide information to the State Department.<sup>61</sup>

The absurdity of this arrangement was outdone by the procedures the administration relied on for disseminating information. Different executive agencies received various types of information in accordance with priorities army, navy and State Department officials devised.<sup>62</sup> Couriers carried messages to authorized representatives in each department, who read them in the courier's presence and returned them. Briefings were entirely oral to prevent leaks. Probably the most damaging aspect of this procedure was that no single individual continuously studied the material, undermining the value of the intelligence collected.<sup>63</sup> While this system guaranteed secrecy, it generated problems in the preparation and carrying out of administration policies, including economic sanctions. Because key advisors such as Morgenthau and Ickes were not privy to the MAGIC intercepts, they had to rely on information leaked to them by authorized representatives and were often unaware of factors influencing Hull's and Roosevelt's decisions. Consequently, they sometimes devised recommendations conflicting with the realities of the diplomatic situation.<sup>64</sup>

By late spring, the gap in the views of administration hardliners and moderates narrowed as limited economic sanctions failed to influence Japan's leaders to back away from expansionist programs. Roosevelt had almost exhausted

the list of materials and processes that he could restrict. All that remained were refinements of existing sanctions, a total oil embargo, and a freeze on Japanese assets. Because the President refused to employ these measures, debate among his advisors in the late spring centered around positioning the fleet to deter Japan from further aggression and to support Britain.

The President's lieutenants progressed significantly in coordinating their activities. On January 16, the Secretaries of State, Navy and War and the service chiefs decided that they would meet every Tuesday to coordinate national policy.<sup>65</sup> Improved coordination did not necessarily minimize the differences between the men. On February 10, after Hull emphasized the importance of taking steps to slow Japan down, Stimson retorted that such a goal was a forlorn hope because "the Japanese are getting steam and every message that we get from every direction indicates that they are gaining momentum and determined to go ahead."<sup>66</sup> Roosevelt empathized with Stimson and suggested sending a naval force to the Philippines on a "good will mission" and then leak to the press they were going there for a temporary visit and would then return to Hawaii.<sup>67</sup> This proposal was merely the latest in a series of attempts to use the fleet to buttress failing diplomatic efforts and to "bluff" Japan.

The following day, Stark wrote the President "if we permitted a leak about this [the naval force] coming back,

there would be even less, if any bluff, and again if we do not permit a leak with regards to their coming back, we would...look like turning and running if something happened and we did come back."<sup>68</sup> Stark accentuated that in the interest of meeting a sudden Japanese attack, it made better sense to send the forces to either the Asiatic fleet or into the Dutch East Indies where they would be better supported and not so open to attack.<sup>69</sup> "Sending a small force [to the Philippines]," the Admiral asserted, "would probably be no deterrent to Japan and would not increase Japanese difficulties in advancing southwest. I feel we would be exposing our force without compensatory results."<sup>70</sup> Furthermore, sending the fleet to the western Pacific would diminish any American strategic surprise over Japan and would encourage Japan to advance rather than deter it.<sup>71</sup> To reinforce this last point, Stark cited the views of American officials from the Embassy in Japan that concentrating American forces in the Far East could lead to war.<sup>72</sup>

Uncertainty among administration officials on foreign policy and use of military forces heightened concern among the nation's military leaders, who feared such conditions were conducive to political miscalculations and unclear missions for the military. In a letter to Admiral Kimmel on February 25, Stark elucidated that much of the confusion within the government was the result of disagreements among administration officials and the American public

over whether America should stay out of the war, go in against Germany, or concentrate against Japan.<sup>73</sup> On March 4, Admiral Hart, Commander of the Asiatic Fleet, proposed to Stark that his forces visit the Netherlands East Indies to serve as a warning to Japan while supporting existing war plans.<sup>74</sup> Stark forwarded the recommendation to Hull, who rejected it on the grounds that Japan was currently involved in negotiations with Dutch authorities. Still, Hull favored dispatching a force of four cruisers and a destroyer squadron to Australia and New Zealand to coincide with Foreign Minister Matsouka's visit to the Soviet Union and Germany. The President, on the other hand, favored rotating ships to various locations to keep the "Japanese guessing" as to American intentions.<sup>75</sup>

Hence, the popular view among administration officials by the end of February was to use the fleet in some manner to deter Japan. Complicating this notion, however, were the Anglo-American ABC-1 agreements of the spring of 1941, outlining joint strategy in the event of war with Japan. The military leaders of the two nations agreed any action should include offensive operations in the Atlantic and a defensive posture in the Pacific.<sup>76</sup> While these proposals did not differ from Roosevelt's general ideas on war priorities, military leaders viewed these talks as signaling the need to reconsider peacetime positioning of forces and to abandon attempts to deter Japan merely by placing forces in the Pacific.

To carry out the March 27, ABC-1 agreements, the President, with the support of the service secretaries and the service chiefs, proposed in April moving half of the fleet to the Atlantic, but leaving at least six battleships in the Pacific. Hull objected such an act reduced deterrence in the Pacific.<sup>77</sup> Advocates countered the Atlantic Ocean's smaller size permitted the navy to more effectively employ available forces than it could in the Pacific, and, because it would be a more credible military force, its deterrent value would increase.<sup>78</sup> For the next two months, the arguments raged and, by early May, Hull contributed to Roosevelt's lack of resolve to go through with his earlier proposals to shift the fleet. According to Stimson, administration policy effectively neutralized the fleet's value in the Pacific, with the Japanese recognizing the United States had no intention of using its navy actively against them.<sup>79</sup> After several weeks of indecision, in which he used health problems to gain more time, Roosevelt compromised on the issue, ordering only three battleships and supporting forces to the Atlantic. This move did not meet with the approval of the competing groups and, in retrospect, only served the purpose of reducing damage from Japan's attack on Pearl Harbor by three battleships.<sup>80</sup>

Surprisingly, both hardliners and moderates misunderstood the linkage between economic sanctions and military force. For total embargoes to be effective, a sizeable naval force was needed to enforce it and to prevent Japan from

retaliating. Similarly, less stringent economic measures required less military force, with a large naval presence actually being provocative, negating the advantages of using limited sanctions.

Stanley Hornbeck was the only key administration advisor who acknowledged this relationship. The collapse of the allied presence in Asia, he argued in a series of memorandums in May, would adversely effect Britain's source of manpower, raw materials, and military equipment. Moreover, if Japan and Germany linked up in the Middle-East, the oil wealth of that region would permit Japan to conduct war with impunity.<sup>81</sup> Likewise, while America's reliance on Asian sources of raw materials was minimal, Japan's acquisition of this region would threaten the United States and its friends.<sup>82</sup>

In response to those emphasizing the need for action in the Atlantic and the abandonment of the Pacific, Hornbeck countered that it was "better to give aid on two fronts and fight on one than to withdraw on one and have to fight on both."<sup>83</sup> A long time advocate of total economic embargoes, Hornbeck believed American naval forces at Pearl Harbor and ground and air forces in the Philippines, in consort with British and Dutch forces in Southeast Asia, deterred Japan. Japan's protracted conflict in China, he explained, diminished Japanese enthusiasm for becoming entrenched in a war with western powers.<sup>84</sup>

Perhaps Hornbeck was correct in arguing the removal of the American Fleet from the Pacific might have led Japan to hasten its preparations for seizing the Dutch East Indies and Singapore. Yet, the Far East expert surprisingly misjudged a people that he had studied for so many years. By insisting Japan would not risk losing its navy in a battle against strong opponents, he ignored its commitment to its foreign policy goals.<sup>85</sup> Furthermore, Hornbeck minimized America's internal divisions over going to war and exaggerated the United State's military capabilities. Japan's actions during the summer of 1941, indicated it would move when it was ready, regardless of American forces in Hawaii. Even so, Hornbeck's perspective is significant for he understood that tough economic sanctions required a strong military presence in Asia.

Throughout May, Roosevelt wavered on how to proceed in the Atlantic and the Pacific. As in the past, he wanted to maintain flexibility while being prepared to seize any opportunity. Habitually anchoring his policies on the prevailing public opinion, the President was uncertain he could quickly reverse American anti-war sentiment.<sup>86</sup> Meanwhile, Germany approached Vichy France to arrange for taking over French African bases, and in mid-May the President directed Marshall and Stark to prepare for seizing the Azores.<sup>87</sup> By the end of May, polls showed that while 73 percent of the nation supported escorting British ships to prevent that nation's



defeat, 79 percent still desired to avoid direct involvement in the war.<sup>88</sup> Roosevelt seems to have recognized he had to vigorously convince Americans of the importance of taking action, for on May 27 he declared an "unlimited national emergency."<sup>91</sup> In his speech he made only obscure references to specific policies, concentrating, instead, on scaring his countrymen.<sup>90</sup>

The military adjusted its war plans to fit the President's rhetoric. On May 26, military strategists unveiled a new war plan, Rainbow 5, which they developed on the assumption the nation would be involved in a two front war.<sup>91</sup> While stressing the nation's paramount interests were in the Western Hemisphere, the plan identified Germany as the principal threat and envisioned defensive operations against Japan.<sup>92</sup> Planners based elements of the war plan on the ABC-1 agreements of that spring and its release was incidental to Roosevelt's recent decisions, his views made its distribution to subordinant commanders significant. As in the past, the planners envisioned the nation using economic pressure against its adversaries.<sup>93</sup>

To minimize confusion on changes in missions and priorities, Stark directed Kimmel to come to Washington, D.C. On June 9, the Admiral met with Roosevelt at which time the President suggested a reduction of the Pacific Fleet by another three battleships, adding that Knox told him six battleships could raid Japanese communications and defend

Hawaii. A shocked Kimmel retorted, "that's crazy!" To this Roosevelt merely responded "it sounds silly to me. I told Knox that it was silly."<sup>94</sup> That he raised the issue after already directing the move of a small contingent to the Atlantic indicated he was still uncertain on how to position forces to protect the nation's interests.

While the transfer of selected combat vessels from the Pacific Fleet in the late spring did not impinge on its combat strength, the transfer of three oilers from the Pacific to support the Atlantic Fleet limited the range of the Pacific Fleet to less than 2500 miles.<sup>95</sup> Hence, the administration's quarrel over the fleet's positioning led to the crippling of the nation's military in the Pacific. A frustrated Stark told his friend, Captain Charles Cooke, in June 1941 that "only a war psychology could and would speed things up in the way they should be speeded up, that strive as we would it just isn't in the nature of things to get the results in peace that we would, were we at war."<sup>96</sup>

On May 28, 1941, the President issued a proclamation extending export controls to the Philippine Islands, the Canal Zone and other territories and possessions.<sup>97</sup> This effectively closed remaining loop holes allowing Japan to import restricted raw materials from the United States. By late spring 1941, the administration's fusion of moralistic diplomacy with pragmatic security concerns in Asia, floundering negotiations with the Japanese, and increased

United States involvement in the battle of the Atlantic narrowed the differences between administration hardliners and moderates. The entire administration shifted in favor of harsher economic warfare against Japan.

## ENDNOTES TO CHAPTER 4

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<sup>20</sup> Ibid.; Hull, Memoirs, Vol. II, p. 991.

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66 Diary entry, 10 February 1941, Stimson Diary, v. XXX111, p. 19.

67 Cited in Stark's letter to Roosevelt, 11 February 1941, Letters: Admiral Stark and Admiral Hart, p. 1.

68 Ibid.

69 Ibid., pp. 1-2.

70 Ibid., p. 2.

71 Ibid.

72 Ibid., p. 5.

73 Stark to Kimmel, 25 February 1941, Ibid., pp. 1201-1202.

74 Hart to Stark, 4 March 1941, Letters: Admiral Stark and Hart, p. 2.

75 Pearl Harbor Attack Hearings, part 16, p. 2163.

76 Described in Pearl Harbor Attack Hearings, part 15, pp. 1490-1492.



77 Diary entry 22 April 1941, Stimson Diary, v. XXX111, p. 176; Diary entry, 29 April 1941, supra, v. XXX111, p. 195; Herzog, Closing the Open Door, pp. 154-156. In reply to American inquiries, the British navy stated that six battle ships and two carriers were the minimum American naval forces needed to secure western interests in East Asia, (British Rear Admiral Dankwertz to Admiral Turner, 25 April 1941). The Atlantic Fleet, created on February 1, 1941, was contributing to the shift of ships from the Pacific to the Atlantic; for background on Stimson's views see Grenville Clark's letter dealing with shifting the bulk of the fleet to the Atlantic, 19 April 1941, Stimson Papers, reel 103, pp. 668-670.

78 Diary entry, 22 May 1941, Presidential Diaries of Henry Morgenthau, book 4, p. 930; Stimson, On Active Service, p. 386.

79 Diary entry, 22 May 1941, Stimson Diary, v. XXXIV, p. 110; Diary Entry, 8 May 1941, supra, v. XXXIV, p. 120; Diary entry, 22 May 1941, Presidential Diaries of Henry Morgenthau, book 4, pp. 930-931.

80 Diary entry, 8 May 1941, Stimson Diary, v. XXXIV, p. 120; Stimson, On Active Service, p. 387; Dallek, Roosevelt and American Foreign Policy, p. 264.

81 Hornbeck memorandum to Stimson, 14 May 1941, Stimson Papers, reel 103, pp. 826-827; Hornbeck memorandums prepared on 6, 12, and 14 May and given to Stimson on 18 May 1941 (hereafter designated "Memorandums, 18 May 1941"), Stimson Papers, reel 103, pp. 867-868.

82 Hornbeck memorandum, 18 May 1941, Ibid., pp. 869-874.

83 Ibid., pp. 864-865, 88-3884.

84 Hornbeck to Stimson, 14 May 1941, Ibid., pp. 826-827.

85 Hornbeck memorandum, 18 May 1941, Ibid., pp. 876-884.

86 Dallek, Roosevelt and American Foreign Policy, pp. 264-265.

87 Ibid., p. 264.

88 Cantril, ed., Public Opinion, pp. 972, 1128.

89 Dallek, Roosevelt and American Foreign Policy, pp. 265-267.

90 Ibid.

91 "Promulgation of Navy Basic War Plan Rainbow 5 (WPL-46)", 26 May 1941, Pearl Harbor Attack Hearings, part 33, pp. 931, 942, 958, 938.

92 Ibid., pp. 956-958.

93 Ibid., pp. 956, 968.

94 Gordon Prange, At Dawn We Slept: The Untold Story of Pearl Harbor (New York: McGraw-Hill Book Co., 1981), pp. 138-140; Pearl Harbor Attack Hearings, part 33, pp. 692-693.

95 Prange, At Dawn We Slept, p. 140; Pearl Harbor Attack Hearings, part 36, p. 401.

96 Stark to Cooke, June 1941, Pearl Harbor Attack Hearings, part 16, p. 2175.

97 Press Release, 28 May 1941, describing Proclamation No. 2488, FRUS, Japan, II, pp. 262-263.

## 5. JULY 1941: THE DECISION TO FREEZE JAPANESE ASSETS

On July 2, 1941, Japanese leaders ended a month of debate, approving the "Outline of National Policies On View of the Changing Situation." Besides endorsing the Greater East Asia Co-Prosperity Sphere, they committed their nation to settling the "China incident" and to removing all obstacles to the preservation of national security; justifying advances into northern and southern Asia.<sup>1</sup> Though recognizing this could lead to war, Japanese leaders felt compelled to proceed to save the empire.

Roosevelt and advisors privy to the MAGIC intercepts discerned Japan's deliberations over national policy. Because they lacked complete information on the changing situation, some aides continued to advocate an oil embargo to weaken Japan, force it to make concessions, and to support the allies. The President, hoping to deter aggression or delay hostilities supported moderates embracing the less extreme step of controlling Japanese assets in the United States.<sup>2</sup> Indefinite presidential intentions and imprecise executive objectives exacerbated haphazard policy making procedures, confused bureaucrats preparing regulations to implement the order, baffled allied leaders, and infuriated the Japanese.

Lacking access to the MAGIC intercepts, Interior Secretary Ickes was unaware of the precarious Far Eastern

situation during June. On June 16, in his capacity as Petroleum Coordinator, he attempted to alleviate an oil shortage on the East coast, caused by the government transfer of oil tankers to Britain, by restricting oil exports from that region.<sup>3</sup> Upon learning Ickes had taken this action without conferring with Hull, Roosevelt called Press Secretary Steve Early and complained he might have to appoint a "coordinator of coordinators."<sup>4</sup> Ickes, who happened to be visiting Early when the President called, told the press secretary he had done the administration a favor since Americans living on the East coast favored the action. Besides, he added, the Japanese could still purchase Gulf and West coast oil. Nevertheless, on June 19, the President told Ickes to clear matters related to oil transfers through the State Department because "exports of oil at this time are so much a part of our current foreign policy that this policy must not be affected in shape, manner or form by anyone except the Secretary of State or President."<sup>5</sup>

Once again the President's tendency to dispense authority for various tasks among several individuals and agencies strained his ability to control events and make decisions. As Stimson later observed, though Roosevelt was initially inclined to use various boards and commissions to deal with problems, he would ultimately end up giving power to one individual.<sup>6</sup> The Secretary of War also noted the President was the poorest administrator he had ever worked

with in terms of orderly procedures and routines of performance. "He is not a good chooser of men," Stimson explained, "and he does not know how to use them in coordination."<sup>7</sup>

By June 20, Assistant Secretary of State Dean Acheson told Ickes the State Department intended to restrict oil exports from the East coast through controls on export licenses.<sup>8</sup> Though he believed he was vindicated, Ickes vilified State Department policies while justifying his own to the President. In a letter to Roosevelt on June 20, Ickes explained had the administration interdicted petroleum products in the fall of 1940, "the world would not be in the desperate situation that it is today."<sup>9</sup> Three days later he sent the President another note arguing "there will never be so good a time to stop shipments of oil to Japan as we have now as Japan is so preoccupied with what is happening in Russia and what may happen in Siberia that she won't...move against the Dutch East Indies."<sup>10</sup>

Hoping to avoid a showdown with Japan while increasing aid to Britain, Roosevelt wrote Ickes on June 23 to "please let me know if this would continue to be your judgement if this were to tip the delicate scales and cause Japan to decide wither to attack Russia or to attack the Dutch East Indies."<sup>11</sup> Two days later, the President tried to calm his agitated Interior Secretary by stressing Japanese-American relations were highly confidential and sensitive, necessitating the restricted involvement of the President and

the Secretary of State. On July 1, Roosevelt resorted to excerpts from the MAGIC intercepts to mollify Ickes, explaining:

The Japs are having a real drag down and knockout fight among themselves...trying to decide which way they are going to jump - attack Russia, attack the South Seas...or whether they will sit on the fence and be more friendly with us. No one knows what the decision will be but, as you know, it is terribly important for the control of the Atlantic for us to keep peace in the Pacific.<sup>12</sup> I simply have not got enough Navy to go around.

By the first week of July, Roosevelt recognized a firm response would be necessary if Japan advanced. He believed he had sufficient public support for such action, as was reflected in a poll showing 61 percent of the people supported his use of four thousand Marines to secure Iceland on July 7 to forestall a German advance into that nation.<sup>13</sup> Still faced with a difficult congressional debate over revision of the draft law and congressional opposition to escorting British ships, Roosevelt had to proceed cautiously.<sup>14</sup> According to historian James MacGregor Burns, Roosevelt did not perceive problems in a systematic, categorized fashion, but, instead, preferred to deal with situations in a piecemeal manner, not attempting to solve issues as a whole.<sup>15</sup> As opposed to thinking as a grand strategist, the President dealt with each problem on a priority basis, placing those related to the European war first.

The MAGIC intercepts and the observations of Americans in other countries during June and early July revealed Japan was preparing for offensive operations. During the first week of July, naval intelligence, American Ambassador to Vichy Admiral Leahy, and General Chiang Kai Shek concluded Japan was preparing to attack Siberia.<sup>16</sup> American observers in Manchuria, however, noted no activities to support this contention.<sup>17</sup> By mid-July, there was increasing evidence Japan was planning to advance south. Roosevelt instructed Sumner Welles on July 10 to inform British Ambassador Lord Halifax "if Japan now took any overt steps through force or through the increase of pressure to conquer or to acquire alien territories in the Far East, the Government of the United States would immediately impose various embargoes, both economic and financial."<sup>18</sup>

When British representatives tried to coordinate economic activities on July 14, Welles emphasized the administration would not feel obligated to implement any measures discussed.<sup>19</sup> His intentions muddled, Roosevelt was uncertain about using more stringent sanctions and wanted to minimize an American commitment to defend British Asian interests. The following day, General Marshall notified Roosevelt "Japan, through Vichy, is issuing an ultimatum to Indochina for the occupation of eight air bases and two ports (Cameroon [Camerahn] and Saigon) for the avowed reason of preventing further encirclement by Britain and the United

States."<sup>20</sup> This message reinforced information from MAGIC intercepts the preceding day from Japanese officials in Canton, China to Tokyo that stated the immediate objectives of occupying French Indochina was to use that nation as a base from which to launch further attacks against the Dutch East Indies and Singapore.<sup>21</sup>

Secretary of State Hull, who had gone to White Sulfur Springs on June 23 to recover from an illness, discussed the situation on the telephone with Far East expert Maxwell Hamilton on July 17. Knowing Japan had asked Germany to pressure Marshal Petain to support Japan's occupation of Indochina, Hull reasoned Japan's actions were linked to the European conflict and the administration should increase its economic and financial restrictions against Japan.<sup>22</sup> Though there was a consensus among administration officials to be firm, there were few options available. The principal economic sanctions not yet taken were an oil embargo and the freezing of Japanese assets. For the same reasons that he opposed Ickes's actions of the previous month, Roosevelt was not inclined to support an oil embargo. The freezing of assets, however, had been considered as a possible option for many months and had already been used against the other Axis powers.

The President first seriously considered freezing Japanese assets following that nation's attack on the Panay in December 1937. Though he did not use Morgenthau's detailed



proposals, he liked the concept.<sup>23</sup> On January 28, 1938, Roosevelt told Hull the United States should start holding Japan accountable in dollars for the acts of her soldiers. "Perhaps we should not suggest it until after our case has been finally established," the President explained, "but it is a fact that there is a vast amount of Japanese owned property in the United States and that we have excellent precedent in the Alien Property Custodian Act for holding this property in escrow. Enough said."<sup>24</sup>

In subsequent months, Treasury Secretary Morgenthau investigated legal and administrative requirements needed to carry out the freezing of Axis assets.<sup>25</sup> On April 29, 1940, Roosevelt, concerned about Italian intervention in the war, told Morgenthau to be prepared to "take care of Italy," a reference to freezing their assets in the United States.<sup>26</sup> During June 1940, Morgenthau argued that besides protecting the bank deposits, securities, and other properties of nation's overrun by the Axis powers, controlling foreign assets could be active economic warfare directed against the dictator countries. Because controls on German and Italian assets would aid the United States government in preventing subversive and illegal activities of those nations, Morgenthau recommended broader solutions encompassing all nations, with exemptions for selected countries.<sup>27</sup> Though advocates described the program as "economic defense," opponents viewed it as "financial sanctions." As envisioned by Morgenthau,

critics complained, financial controls would be administratively expensive and would adversely affect American businesses.<sup>28</sup> Moreover, the Germans and Italians could retaliate, freezing American assets in their nations. Morgenthau countered that the benefits outweighed the costs, permitting the Treasury to supervise one hundred to two hundred million dollars worth of German and Italian assets, reducing American remittances to those nations, and, in the event of the weakening of the British blockade, minimizing exports to the Axis.<sup>29</sup> Nonetheless, Hull opposed Morgenthau on the grounds his proposal involved too many risks, particularly German retaliation.<sup>30</sup> On June 17, 1940, the President rejected the scheme for the same reasons.<sup>31</sup>

Following the election, Morgenthau reintroduced proposals the President extend exchange controls to all nations. Noting piecemeal controls were inconsistent and ineffective, the Treasury Secretary suggested to the President on November 7 a comprehensive program allowing the administration greater flexibility in regulating international transactions, trade, capital movements and other forms of commercial activity. Because other nations had imposed forms of exchange control limiting American commercial opportunities, Morgenthau argued, the United States would be better able to protect the claims of its own citizens against foreign governments and nations if it had the means to freeze funds wherever Americans suffered.<sup>32</sup>

Roosevelt listened but took no action. Undeterred, Morgenthau suggested on December 17 the Treasury and the custom houses oversee the issuances of export licenses and the President establish a committee composed of representatives of Treasury, State, War, Navy, and the National Defense Commission to oversee economic punitive measures.<sup>33</sup> Cordell Hull viewed these suggestions as Morgenthau's thinly disguised attempt to control foreign economic policy and rejected them.<sup>34</sup> To mollify Hull, Morgenthau proposed on December 30 the President establish an economic defense board with authority over exchange, shipping, exports and alien property. It would consist of members of the Departments of State, Treasury, War, Navy, Commerce, and Office of Production Management. The Secretary of State would serve as chairman and the Treasury Secretary would carry out policies. This did not encourage Hull to embrace the scheme and Roosevelt, who was concerned about Lend Lease legislation, was reluctant to overrule his Secretary of State.<sup>35</sup> He postponed making a decision by directing the Budget Bureau to review the matters.<sup>36</sup>

Unwilling to abandon what he believed to be an invaluable way to aid the allies and hurt the Axis, Morgenthau wrote Hull on January 17, 1941 expressing concern over the repercussions of not having frozen German and Italian assets and suggesting they meet on January 30 to discuss the problem. Hull agreed to the meeting, and, in the course of their

discussions, he was surprised to learn that several of his advisors supported Morgenthau's plan.<sup>37</sup> Herbert Feis believed the government's registration of foreign assets and control over foreign exchange was desirable, but he did not think these steps would deal adequately with domestic uses of foreign funds. Similarly, Adolf Berle favored freezing only the assets of potentially inimical individuals.<sup>38</sup>

After explaining administering these suggestions would be difficult, Morgenthau accentuated exchange controls alone could not prevent foreign nations from using funds for undesirable purposes in the United States. The crucial issue, he argued, was either to freeze assets or do nothing. After pondering these comments, Berle and Feis concurred that no intermediate action would be useful. Still unconvinced, Hull would only support further talks on the subject.<sup>39</sup>

Frustrated, Morgenthau discussed the issue with the President on February 10. After explaining that Hull was proceeding slowly on this matter, the Treasury Secretary suggested "while it would take us two years to get an army of a million 400,000 men fully equipped, that within two weeks we could have an effective economic warfare starting."<sup>40</sup> Further complicating the situation, Morgenthau contended, was bureaucratic confusion, particularly among Maxwell's subordinates who were "trying to build up a big organization" in the office of Export Control. While not committing himself, Roosevelt wrote a note to Hull asking him to look into the matters.<sup>41</sup>

In the meantime, the Axis continued to take advantage of the ease with which they could manipulate foreign assets. On January 1, 1941, Italian agents began withdrawing over six million dollars from New York banks while simultaneously opening up a ten million dollar account with the Bank of Brazil.<sup>42</sup> In addition, the Yokohama Specie Bank of New York transferred over six million dollars to Brazil and, in December 1940, initiated arrangements for the National Bank of Haiti to take over all of its New York accounts and to handle all of its business in the Western Hemisphere.<sup>43</sup> These actions indicated the dictator countries' awareness of the vulnerabilities of their funds to American control.

While the President made no promises during their meeting four days before, Morgenthau confidently told reporters on February 14 that stringent exchange controls would be forthcoming.<sup>44</sup> Unaware that Roosevelt had made any final decision, Hull publicly disclaimed Morgenthau's comments that same day. He emphasized American assets in Germany and Japan were worth four times the value of the assets of those nations in the United States. Furthermore, he argued, if Russia was included in such an action, it might choose to strengthen its ties with the Axis. Hull reasoned national interests necessitated only the registering of assets until firmer action was required for the defense of the United States.<sup>45</sup>

Spurred on by Japan's apparent duplicity, Britain's continuing struggle for survival, and the ineffectiveness of

past methods, Roosevelt sent notes to Treasury Secretary Morgenthau, Secretary of State Hull, and Attorney General Jackson, on February 26, stressing the urgency of controlling foreign properties. To coordinate this effort he endorsed Morgenthau's previous proposal, establishing a committee consisting of the secretaries of State and Treasury and the Attorney General. In his inveterate fashion, Roosevelt divided authority for controlling assets, with the Treasury Secretary responsible for carrying out policies and the Secretary of State retaining full veto power.<sup>46</sup>

During the next several weeks, Hull's and Morgenthau's bickering severely limited progress in this area.<sup>47</sup> On March 10, Ambassador Grew notified the administration the Japanese were going to require American businesses in Japan to accept Japanese management control without offering Americans any option of selling out their interests for dollars. The only remedy, he argued, was for the administration to freeze and, if necessary liquidate, Japanese assets in the United States.<sup>48</sup> In support of this view, Hornbeck emphasized such an action would warn Japan to desist from actions threatening American interests. His associates in the Far East Division, particularly Hamilton and Ballantine, countered that freezing Japan's properties would simply force that nation to strengthen its ties with the European dictators.<sup>49</sup>

In response to Germany's conquest of Greece in April, the President signed an order freezing Greek assets, some forty to fifty million dollars. This was the fourteenth nation to fall under exchange controls, which, by the end of April, represented a total of four billion dollars.<sup>50</sup> As this piecemeal application of exchange controls kept pace with German conquests, Hull's resistance to a general freezing order weakened. On April 30, Assistant Secretary of State Dean Acheson urged Morgenthau to try again to enlist Hull's support.<sup>51</sup>

By this time, the MAGIC intercepts convinced Hull of Japanese duplicity and the dangerous implications of a close alliance between Japan and Germany. This and other forms of pressure had obviously disheartened Hull. On April 25, when Morgenthau informed him that Germany was stockpiling funds in Spanish and Swiss banks in the United States, the Secretary of State remarked he had gotten the impression "some people didn't think he was handling that matter [controls on foreign assets] in the proper way," and, therefore, he turned the entire issue over to Acheson.<sup>52</sup> On May 5, Hull joined with Morgenthau and Jackson in urging the President to enlarge their authority to control foreign funds, as well as foreign trade and other international commercial activities.<sup>53</sup> Thus, Morgenthau finally succeeded in convincing the administration to adopt the measures he had proposed in December 1940. Interestingly, the President stressed their committee would

continue to be informal for he did not want his political opponents to use that committee as an example of his attempt to involve the nation in war.

On June 13, Hull recommended the President freeze the funds of all European nations while granting exceptions under stipulated conditions for Switzerland, Sweden, Spain, Portugal, and Russia. Fearing harsh American economic measures would encourage nonbelligerents to join with Hitler, Hull rebuked Morgenthau's more sweeping proposals.<sup>54</sup>

Roosevelt concurred on June 14, ordering controls on the assets of selected nations.<sup>55</sup> Though Japan was not included, the administration's actions served as an ominous warning. Recognizing they would not achieve their objectives peacefully, Japanese negotiators broke off their discussions with Dutch East Indies authorities.<sup>56</sup> Through the new order, the President oriented executive agencies involved in overseeing foreign economic matters in the direction of stringent economic warfare with only he and Hull serving as moderating influences.<sup>57</sup>

By mid-July, the bureaucratic machinery for controlling Japanese assets was in place. While hardliners criticized the President for delaying during the last year, moderates believed the President had correctly gauged prevailing public and congressional sentiment. For those wishing to stay out of the war, general freezing orders would have appeared reckless and the retaliatory measures Axis



powers could have taken against American businesses and properties would have been costly. For similar reasons, Roosevelt was reluctant to support more stringent measures before the November election. Between December 1940 and March 1941, the President concentrated on Lend Lease legislation and a comprehensive freezing order might have undercut this effort. When he finally adopted the measure in June, the American people and Congress were clamoring for action to deal with international crises. While the President's delay in embracing controls on foreign assets appears justified, there was little rationale for not creating the organizational framework to institute the measures once it became necessary. In failing to do this, Roosevelt exacerbated administration rivalries and hamstrung foreign economic policy.

The Cabinet met on July 18, 1941 to discuss what to do if Japan advanced into southern Indochina. Sumner Welles, representing the sickly Hull, said the Japanese would probably attack in two or three days, most likely by the twentieth. After contemplating this, Morgenthau asked the President what he was going to do on the "economic front" against Japan if it made such a move. According to several witnesses, Roosevelt gave "quite a lecture," spelling out "why we should not make any move because if we did, if we stopped all oil, it would simply drive the Japanese to the Dutch East Indies, and it would mean war in the Pacific."<sup>58</sup>

Welles spoke up and expressed the State Department's support for freezing Japanese assets.<sup>59</sup> Encouraged by this, Morgenthau interjected if Chinese assets could also be frozen, as they had requested months ago, the administration could oversee Japanese controlled Shanghai assets. While not opposing this, Roosevelt stressed the administration make clear this was being done at the behest of Chiang Kai Shek.<sup>60</sup> Hence, after many months of debate, the Treasury and State Departments agreed on freezing Japan's assets.

Meanwhile, Ickes, still distressed Roosevelt had criticized him for his efforts to redistribute domestic oil, added "we seem ready to freeze Japanese credits here if Japan should get out of bounds either tomorrow or in the near future. Once again I raise the question of shipping oil to Japan."<sup>61</sup> After the President responded the United States would ship no more oil if Japan went overboard, Ickes asked why the United States could not restrict exports to that quantity of oil Japan received during previous years, before it began stockpiling. Stressing he was about to ask Americans on the East coast to voluntarily reduce their use of fuel by a third, he reasoned that equal reductions in shipments to Japan would make this request more acceptable.<sup>62</sup> Roosevelt still believed any interruption of oil supplies would fuel tensions between Japan and the West. Morgenthau, in support of Ickes, asked why the administration could not, in the name of conservation, reduce the quality of exportable oil from 87

octane to 67 octane, as Knox had proposed the previous fall. To the surprise of hardliners, Welles supported the idea.<sup>63</sup>

By the conclusion of the meeting, the Cabinet hammered out comprehensive measures to be employed if Japan advanced into southern Indochina and Roosevelt directed Welles to examine reducing Japanese imports of gasoline.<sup>64</sup> While the Roosevelt administration contemplated this response, Japanese leaders were involved in another power struggle. Problems began on June 21, when Hull sent a note to the Japanese government stressing its continued relationship with the Axis left little room for compromise.<sup>65</sup> Japanese leaders considered the Secretary of State's remarks insulting, with some, such as Foreign Minister Matsouka, wanting to rebuke them immediately. Konoye wanted to avoid a break with the United States and told his Cabinet that he would suitably reply. Foreign Minister Matsouka, however, proceeded on his own on July 12. Nomura received his note but chose not to deliver it.<sup>66</sup> Wishing to rid his Cabinet of Matsouka without causing a political crisis, Konoye asked his Cabinet to resign on July 16. Two days later he formed a new Cabinet, with the more moderate Admiral Toyoda Tejuro serving as Foreign Minister.<sup>67</sup> At the same time, Japan continued to solicit German assistance in pressuring Vichy to convince Indochina officials to accede to Japanese demands.

During this period, the Japanese government was concerned about possible American reactions. On July 18,

several days after the Japanese government ordered its merchant ships to move to the Pacific side of the Western Hemisphere, Japanese envoys protested to State Department officials that canal authorities held up several Japanese vessels on the Atlantic side of the Panama Canal while allowing other ships to move freely. Sumner Welles replied that as of July 11, canal authorities had been notifying shippers canal repairs would cause restrictions on transit through the canal. Those ships that the Japanese observed moving through the waterway were carrying materials needed for national defense purposes.<sup>68</sup> Japanese officials believed this action portended possible American reprisals for their move into Indochina.

Administration officials, meanwhile, prepared to carry out sanctions. On July 19, Welles instructed Hornbeck to have three sets of orders prepared for July 21: A freezing order for Japanese and Chinese assets in the United States; a prohibition or restriction on silk and other imports; and a restriction on oil exports to "normal" quantities and low grade quality.<sup>69</sup> Secretary of State Hull, still at White Sulfur Springs, was unwilling to totally abandon diplomacy and on July 21 he told Welles to make one last attempt to urge Japan to reconsider their policies. "Even though no good may come of the effort," he explained, "it would keep the record clear."<sup>70</sup>

In a July 21 meeting with Nomura's assistant Wakasugi, Welles stressed the United States was aware of

Japan's plans to "take steps very shortly which would upset the peaceful states of certain areas." If these reports were true, he explained, they would indicate a conflict between Japan's actions and their intentions as expressed through Nomura in his conversations with Hull.<sup>71</sup> Wakasugi replied Japan needed to protect itself from British and American encirclement. After reiterating on the United State's desire for peace, Welles stressed that Japan's advance into other nations would conflict with American interests in the region.<sup>72</sup>

As the administration waited to see if its threats of retaliation would deter Japan, a July 23 MAGIC intercept revealed the Japanese government was committed to seizing French Indochina and if the United States should "take steps...which would unduly excite Japan (such as closing of the [Panama Canal] for all practical purposes and the freezing of assets) an exceedingly critical situation may be created."<sup>73</sup> That same day, Nomura met with Welles and explained Japan needed to occupy southern Indochina for its own defense and security needs. Moreover, the Japanese envoy explained Japan could not pursue a "do nothing" policy in the face of American embargoes.<sup>74</sup> In view of the peaceful manner in which the occupation of Indochina was going, Nomura hoped "the United States would restrain itself from jumping to hasty conclusions" and instead would wait and observe future developments before taking action. He also vaguely alluded to

serious repercussions if the administration instituted oil embargoes or other sanctions against Japan.<sup>75</sup> Welles reaffirmed the administration position that neither the United States nor Britain endangered Japan and that Japan's seizure of Indochina was wholly unjustified. He stressed the United States objected to German pressure on Vichy that had contributed to the French Indochina decision to grant Japan special territorial rights.<sup>76</sup> As he prepared to leave Welles's office, Nomura realized he had failed to convince the Undersecretary of State that Japan harbored no unlimited territorial objectives.

Still trying to interest American officials in joint foreign economic strategies, Lord Halifax informed the State Department on July 23 that the British, Dutch, and Free French would freeze Japanese funds in their territories if Japan moved south. Reflecting administration fears that cooperating with other powers would hasten Japan's southern advance, Acheson was unwilling to agree to unified efforts. The Indochina situation was still unclear, he explained to British envoys, and economic restrictions depended on developments.<sup>77</sup>

Even as Japanese forces began their occupation of Indochina, Roosevelt's civilian and military advisors continued to disagree on how Japan would respond to American sanctions. Convinced Japan would not retaliate, Hornbeck believed that nation was bluffing and that it wanted to avoid war.<sup>78</sup> Largely uninvolved in the July 18 decision, Stimson

and Knox reacted to evidence of Japan's impending attack into Indochina by recommending to the President on July 7 that a portion of the Atlantic Fleet be reassigned to the Pacific. Concerned about the battle of the Atlantic, Roosevelt rejected the idea.<sup>79</sup> On July 21, Admiral Richard Kelly Turner, the Chief of Naval War Plans, completed a report for the President entitled "A Study of the Effects of an Embargo on Trade Between the United States and Japan." Turner supported Roosevelt's argument that cutting off oil supplies would precipitate a Japanese attack against the Dutch East Indies. Because Japan had sufficient oil reserves for eighteen months of war, Turner explained, an oil embargo would have little immediate effect. If it proceeded with an embargo, the United States would need the full cooperation of Great Britain and the Dutch East Indies.<sup>80</sup> Furthermore, if Japan took action against Britain or the Dutch East Indies, it would also probably attack the Philippines. An embargo, Turner concluded, would probably encourage Japan to attack these objectives early and could involve the United States in an early war in the Pacific.<sup>81</sup>

Admiral Stark approved of Turner's report. While some of the President's civilian advisors pushed for stricter sanctions, Stark continued to warn that the military was unprepared for war. After a private meeting with Nomura on July 23, the Chief of Naval Operations was convinced that after seizing Indochina, Japan would stop for the time being

to consolidate its position. While acknowledging that they would probably move against the Dutch East Indies, Singapore or the Burma Road, he doubted this would occur in the near future unless the administration instituted an oil embargo.<sup>82</sup> Since November, Stark had been unrelenting in his support for a greater American presence in the Atlantic while lessening its role in the Pacific. Like Roosevelt, however, Stark recognized Britain depended on the Far East for raw materials and manpower. Rather than rely on economic sanctions to deter Japan, Stark favored an Anglo-American protectorate over the Dutch East Indies.<sup>83</sup> While Stark may have perceived this as less provocative than economic sanctions, it probably would have confirmed Japanese claims that the West was seeking to encircle them and, therefore, may have been equally reckless.

While the naval leaders were outspoken in their opposition to economic sanctions, army leaders were more subdued. On July 24, when the Cabinet met to coordinate punitive measures against Japan, Chief of Staff General George Marshall's single contribution was to assert restrictions on the importation of raw silk would not impinge on the army's readiness.<sup>84</sup> Five years later, Marshall testified at the Pearl Harbor Hearings that he had vigorously opposed economic sanctions and that "our state of mind...was to do all in our power here at home, ...to try to delay the break [with Japan] to the last moment, because of our state of unpreparedness and because of our involvement in other parts of the world."<sup>85</sup>



On July 25 Chief of Army intelligence General Sherman Miles wrote that economic sanctions against Japan would not compel that nation to take steps that it had not already planned to take. On the contrary, he argued, such measures would be conducive to conserving valuable raw materials that Britain and the United States needed, and which were "being worse than wasted when we place them in Japanese hands."<sup>86</sup>

The contrast between Marshall's testimony at the Pearl Harbor attack hearings and Miles's views is misleading. When the President ordered Japan's assets frozen Marshall was confident the United States could deter Japanese aggression by reinforcing American forces in the Philippines. Throughout the 1930's, military planners viewed the defense of the Philippines an impossible task.<sup>87</sup> By 1940, army strategists came to believe the islands could be defended. Much of this new optimism was owing to the capabilities of long range bombers. Planners noted these aircraft could effectively blockade the China sea from land bases in the Philippines, and the bombers could buttress Philippines defenses. By the end of May 1941, Marshall was convinced these arguments were valid, and he directed major increases in aircraft and air defense weapons for the islands.<sup>88</sup>

On July 25, Roosevelt approved Marshall's appointment of former Chief of Staff General Douglas MacArthur Commander of United States Army forces in the Far East and

inducting of the Philippines army into the service of the United States.<sup>89</sup> Convinced MacArthur's reputation and close affiliation with the Filipinos would raise troop morale and the former Chief of Staff could successfully defend the islands, Marshall prepared for Japanese military retaliation.

Ironically, General Marshall, who enjoyed a reputation for thoroughness in planning and analysis, blundered with regards to the Philippines. While American strategists viewed long range bombers as a deterrent, the Japanese perceived them as confirming their suspicions of western encirclement. Consequently, Japanese leaders recognized they needed to neutralize the Philippines before conducting offensive operations in Southeast Asia. Unless the United States could effectively reinforce the Philippines to withstand a Japanese assault, forces on the islands served as an invitation to attack rather than as a deterrent. Because the United States was supplying Britain and Russia with large numbers of aircraft and other war materials, Marshall should have recognized there were insufficient supplies to reinforce the islands adequately.

In spite of these criticisms, Marshall had few other options. American military officers traditionally avoided questioning national policy and Marshall perpetuated this precedent. Throughout this episode, the President did not actively seek the advice of the service secretaries or the military chiefs, revealing the low esteem he had for the

opinions of American military leaders. Even if Marshall criticized the measures contemplated, civilian officials and the President would have overruled his objections. Consequently, Marshall was forced into a situation of accepting administration policy and safeguarding American security with the forces available.

By July 24, intelligence reports indicated Japan had begun its occupation of Indochina. In a final effort to avert a crisis, Roosevelt met with Ambassador Nomura and proposed if Japan evacuated its troops from French Indochina, the United States, Dutch East Indies, China and Britain would guarantee the neutrality of French Indochina and would guarantee Japan access to raw materials.<sup>90</sup> The following day, the President learned from Ambassador Grew the Japanese government was seeking an agreement with the Soviet Union to support operations in Southeast Asia.<sup>91</sup> This and the Japanese government's failure to respond to his proposals of the previous day convinced Roosevelt to proceed with the freezing order. At the Cabinet meeting on July 24, Roosevelt explained he wanted to make the freezing order as wide in its application as previous orders, but the policy should be sufficiently broad so it could be changed from day to day without requiring subsequent orders. Dan Bull, a Treasury representative attending for Morgenthau, asked how the policy would be administered. Welles explained "the policy would be determined from day to day by the Foreign Funds Control

Interdepartmental Committee as the applications were presented to the Treasury."<sup>92</sup> When Bull inquired whether this action may not give Japan the impression the United States was going to restrict oil sales, Roosevelt explained he did not think so and that he was inclined to go ahead with the order in the regular way and grant licenses for the shipment of petroleum as Japan presented applications to the Treasury.<sup>93</sup> Ickes noted the President believed "it might be better to slip the noose around Japan's neck and give it a jerk now and then," rather than "draw the noose tight."<sup>94</sup> Disturbed by this, the Interior Secretary wrote "this would be fooling the country again as we fooled it about a year ago."<sup>95</sup>

On July 25, the President explained the new sanctions in a speech to the Volunteer Participation Committee. Referring to Ickes's reasons for controlling oil exports from the East coast, Roosevelt reiterated the United States continued to sell oil to Japan to prevent it from attacking other nations. Emphasizing the importance of Southeast Asia to the United States and Britain as a source of raw materials, Roosevelt explained continuing shipments of oil to Japan averted war in the Pacific.<sup>96</sup>

An administration press release on July 25 stated the United States was freezing Japan's assets in the same manner in which it froze European assets the previous month. The new measure was designed to prevent Japan from using American financial institutions and commercial relations with

the United States in ways that were detrimental to national defense and American interests.<sup>97</sup> The statement carefully excluded any references to changes in administration oil policy.

Public and congressional responses to the announcement were positive. Many congressmen who routinely disagreed with the President supported the moves against Japan. Americans who had long harbored anti-Japanese sentiments, particularly westerners, applauded the sanctions. Some Americans saw the measures as a safe way to punish Japan for its aggression.<sup>98</sup> Interestingly, though, there were no references to oil embargoes, several publications surmised economic restrictions included oil sales to Japan; a possibility that did not disturb many people.<sup>99</sup>

In addition to freezing Japan's assets on July 25, Roosevelt approved additional restrictions on oil exports. He reasoned control of Japanese assets would not induce war for Japanese leaders would await the outcome of Germany's campaign against Russia before advancing against the allies.<sup>100</sup> Meanwhile, Morgenthau, Ickes, Stimson, Knox, Hornbeck, and others predisposed to the hardline position persuaded Roosevelt and moderate administration officials that additional controls on oil sales to Japan would augment other restrictive measures and would be popular among Americans. Nonetheless, hardliners still hoped to undermine Japan's military and economy through harsh economic sanctions.

To Roosevelt, freezing Japan's assets was symbolic, demonstrating his administration's resolve to resist Japanese aggression and not to appease the dictators. It also served the purpose of impressing upon Americans the importance of constant vigilance against totalitarian expansionism. By broadly administering these measures, he expected to avoid pushing Japan into a corner. Neither he nor the moderates perceived difficulties in controlling Japanese assets while concurrently tightening oil exports to Japan. Other presidential advisors and bureaucrats overseeing the freezing order and oil restrictions linked the two sanctions together, however, interpreting them as an indication of the President's desire to conduct rigid economic warfare against Japan.

## ENDNOTES TO CHAPTER 5

<sup>1</sup> Nobutaka Ike, ed., Japan's Decision for War: Records of the 1941 Policy Conference (Stanford, California: Stanford University Press, 1967), pp. xv. xxiii, 46-41, 64, 75-80. Throughout this chapter, references are made to the Liaison and Imperial Conferences. The Liaison Conference met every few days and brought together members of the Cabinet. The Imperial Conference included members of the Liaison Conference, President of the Privy Council and the Emperor. It met whenever a major policy decision had to be made.; MAGIC intercept, 31 July 1941, Tokyo to Washington, D.C., U.S. Congress, Joint Committee on the Investigation of the Pearl Harbor Attack, Pearl Harbor Attack, Hearings, 79th Congress, 1st Sess., 79th Cong., -2d Sess., 39 parts (Washington, D.C.; U.S. Government Printing Office, 1946), part 12, pp. 8-9.

<sup>2</sup> Navy bulletin to the President, 3 July 1941, Pearl Harbor Attack Hearings, part 20, p. 4352; Navy bulletin to the President, 7 July 1941, *supra*, part 20, pp. 4353-4354; Cordell Hull, Memoirs of Cordell Hull, Volume 1 (New York: MacMillan and Company, 1948), p. 911.

<sup>3</sup> Harold L. Ickes, Secret Diary of Harold Ickes: The Lowering Clouds, 1939-1941 (New York: Simon and Schuster, 1953-1954), pp. 537, 545.

<sup>4</sup> Ibid., p. 545.

<sup>5</sup> Ibid., pp. 545, 553.

<sup>6</sup> Henry L. Stimson and McGeorge Bundy, On Active Service in Peace and War (New York: Harper and Brothers, 1947), pp. 380-381.

<sup>7</sup> Ibid., p. 495.

<sup>8</sup> Ickes, Ickes Diary: Lowering Clouds, p. 547.

<sup>9</sup> Ickes, p. 553.

<sup>10</sup> Ibid., p. 556.

<sup>11</sup> Ibid., p. 558.

<sup>12</sup> Ibid., pp. 564-566.

<sup>13</sup> Robert Dallek, Franklin D. Roosevelt and American Foreign Policy, 1932-1945 (New York: Oxford University Press, 1979), p. 276.

<sup>14</sup> Ibid.

<sup>15</sup> James MacGregor Burns, Roosevelt: The Soldier of Freedom (New York: Harcourt, Brace, Jovanovich, Inc., 1970), p. 107.

<sup>16</sup> Navy bulletin to the President, 7 July 1941, Pearl Harbor Attack Hearings, part 20, pp. 4353-4354; Navy bulletin to the President, 8 and 16 July 1941, supra., part 20, pp. 4355-4356.

<sup>17</sup> Navy bulletin to the President, 3 July 1941, Ibid., part 20, p. 4352.

<sup>18</sup> Herbert Feis, A Road to Pearl Harbor: Coming of War Between the United States and Japan (New York: Antheneum, 1965), p. 227.

<sup>19</sup> Ibid., p. 228.

<sup>20</sup> Marshall to the President, 15 July 1941, Pearl Harbor Attack Hearings, part 20, p. 4363.

<sup>21</sup> MAGIC intercept, Canton to Tokyo, 14 July 1941, Ibid., part 12, p. 2.

<sup>22</sup> Feis, Road to Pearl Harbor, pp. 228-229.

<sup>23</sup> John Blum, From the Morgenthau Diaries: Years of Crisis, 1928-1934 (Boston: Houghton Mifflin Company, 1959), pp. 485-492.

<sup>24</sup> Roosevelt to Hull, 28 January 1938, Elliot Roosevelt, ed., FDR: His Personal Letters, 1928-1945 (New York: Duell, Sloan, and Pearce, 1950), p. 753.

<sup>25</sup> Morgenthau to Roosevelt, 11 April 1939, Presidential Diaries of Henry Morgenthau, 1938-1945 (Microfilm) (Frederick, Maryland: University Publications, 1981), Book 1, pp. 59-60; Morgenthau to Roosevelt, 10 April 1940, supra, Book 1, pp. 456-457.

<sup>26</sup> Diary entry, 29 April 1940, Ibid., Book 1, p. 469.

<sup>27</sup> John Blum, Morgenthau Diaries: Years of Urgency, 1938-1945 (Boston: Houghton Mifflin Company, 1965), pp. 326-327.



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<sup>75</sup> Ibid.; MAGIC intercept, Tokyo to Washington, 23 July 1941, supra., part 12, pp. 4-5.

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<sup>79</sup> Diary entry, 7 July 1941, The Henry L. Stimson Diaries (Microfilm) (New Haven, Connecticut: Manuscripts of Archives, Yale University Library, 1973), v. XXXIV, p. 183; Diary entry, 8 July 1941, supra, v. XXXIV, p. 188.

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97 White House Press Release, 25 July 1941, Ibid., pp. 266-267.

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99 See the following articles for indications of American public support for oil embargoes against Japan: "Loaded Gun: Freezing Order," Time 38:61-2, 4 August 1941; "Squeeze on Nippon," Newsweek 18:20, July 23, 1941; "Defense of Indochina," Time 38:21, August 4, 1941; "Squeeze Japan Now," Nation 153:87, 2 August 1941; "New U.S. Attitude," Time 38:11-12, August 4, 1941; "U.S. Oil and Japan," E. Janeway, Asia 41:400, August 1941; "Tightening Economic Noose," Newsweek, 18:15-17, August 11, 1941.

100 Feis, Road to Pearl Harbor, p. 241.

## 6. AFTERMATH OF THE FREEZING ORDER

After the President issued the freezing order, State and Treasury officials scurried about, uncertain of how to carry it out. Though Roosevelt instructed his Cabinet to flexibly administer the measure, Hull, who was still in White Sulphur Springs, told his aides "we need to have a stiff rein and consider making it just as stiff as possible short of actual military activity."<sup>1</sup> Executive vagueness, conflicting interpretations of the freezing order among presidential advisors, confusion among low and mid-level bureaucrats, and bureaucratic momentum subsequently led to an American oil embargo against Japan in the fall of 1941. The administration concurrently relied on the Pacific Fleet and American forces in the Philippines to buttress economic warfare and American-Japanese negotiations in an effort to prevent or delay hostilities. Meanwhile, Japanese leaders viewed American activities as intolerable assaults upon the empire.

The financial freeze was instituted promptly. For several months, the Treasury Department's Foreign Funds Control Committee had been regulating \$77 billion in gold, securities, bank deposits, patents, and businesses of thirty-three nations. Treasury officials identified transactions they would permit under general licenses or under general

regulations and control the release of funds accordingly.<sup>2</sup> Administrative arrangements detailing the government's new oil policies provided a more formidable task. On August 1, Roosevelt signed directives banning sales of oil above 67 octane and restricting Japanese oil purchases to Gulf of Mexico sources.<sup>3</sup> Acheson's Interdepartmental Committee prepared regulations enforcing the order, Welles obtained Roosevelt's approval on July 31, and, on August 9, Maxwell's Export Control agency announced that foreign shippers could resubmit applications for export licenses for petroleum not exceeding "prewar quantities" or include "fuels and oil suitable for use in aircraft and...certain raw stocks from which such products are derived."<sup>4</sup>

Under new procedures, foreign importers applied to the State Department's Control Division for export licenses, which issued them in accordance with Maxwell's semi-independent Export Control agency's criteria. The Treasury Department, following guidance from Acheson's Interdepartmental Foreign Funds Control Committee, issued exchange permits.<sup>5</sup> In the interest of bureaucratic flexibility, however, Acheson's Foreign Funds Control Interdepartmental Committee decided to delay public announcements about the government's oil policy.<sup>6</sup> Hence, low and mid-level bureaucrats, American citizens, and foreign observers were uncertain about the Roosevelt administration's intention to continue oil sales to Japan. The President exacerbated public

and bureaucratic confusion on July 30 by establishing a new organization, the long discussed Economic Defense Board, consisting of Vice-President Wallace, Secretary of State Knox, Secretary of War Stimson, Secretary of the Treasury Morgenthau, and Secretary of State Hull.<sup>7</sup> With an ill-defined purpose, the existence of this additional agency only added to the organizational maze Roosevelt so haphazardly constructed.

The problems with the government's procedures soon became evident. On August 11, the State Department's Division of Controls approved three of Japan's requests for export licenses for shipment of oil aboard two Japanese tankers waiting to be loaded at San Pedro, California. When Japanese counselor Iguchi Sadoa and Japanese Financial Attache Nishoyama Tsutoma applied to the Treasury for the release of \$178,650 from blocked accounts, they were told to use funds in foreign branch banks.<sup>8</sup> Having scrutinized Japan's financial transactions since December 1940, the Treasury knew the Japanese navy withdrew one million dollars from American banks and the Japanese government shifted almost six million dollars to the Brazilian Bank. The Japanese appealed to Acheson as head of the Interdepartmental Foreign Funds Control Committee, explaining that private Japanese companies were purchasing the oil while the funds the Treasury referred to belonged to the Japanese navy. Acheson suggested they use other funds in foreign banks. For the next several weeks, the Japanese continued their fruitless efforts to get funds released.<sup>9</sup>



Administration hardliners took advantage of confusion to convince mid and low level bureaucrats to adopt strict interpretations of the freezing order. This was facilitated through persons who studied the use of economic warfare against Japan and developed a variety of programs making use of it. In late 1940, Secretary of War Stimson established an economic warfare staff or "study group" in the Army Industrial College. In December, he reorganized this group in an obscure "Projects section" of Maxwell's Export Control agency. By May 1941, they had prepared eighteen recommendations involving economic warfare against Japan.<sup>10</sup> While they did not dictate policy in the government, the ideas of these individuals were well circulated and influential among agencies administering economic sanctions.

The allies were also confused over American policy. While willing to participate in joint efforts against Japan, the British and Dutch sought assurances of American support if Japan retaliated.<sup>11</sup> Administration hardliners urged the President in late July to support cooperative action. Ickes argued if the United States in consort with the Dutch, British, Russians, and Chinese were to "tackle Japan now, we could probably crush her within a few months."<sup>12</sup> Despite these pleas, the President was elusive, fearing congressional and public criticism if he made such commitments. Moreover, he was still unsure about his own aims and chose indirectness to let the situation develop and give him time.

Even though it lacked American assurances of support, the Indies government announced on July 28 it was requiring general permits for all exports, demanding cash for all transactions; and restricting sales of tin and rubber.<sup>13</sup> While not specifically approving of Dutch actions, the State Department gave Dutch authorities on August 4 copies of American export quotas and copies of the oil restrictions under new American regulations. To give the Dutch time to prepare their own policies, Acheson told Indies officials the United States government was asking STANVAC and Shell to temporarily abstain from seeking export permits for sales to Japan. In the event the Dutch chose to honor shipments under the Batavia contracts, Acheson explained, the United States would issue permits and funds to the Japanese.<sup>14</sup> Even though they lacked guarantees of American military assistance, the Dutch tightened restrictions against Japan while observing Japanese tankers in the United States for indications of the Roosevelt administration's true intentions.<sup>15</sup>

STANVAC and Shell became enmeshed in American policies. On August 14, the State Department provided the companies copies of the restrictive orders and the two firms halted oil shipments in excess of American limitations.<sup>16</sup> Additionally, oil executives informed Japan even if it possessed export permits, they would not ship further oil unless it paid for accounts in arrears. Desperate to retain oil supplies, Japan agreed to transfer \$557,000 to STANVAC

and, on September 2, the oil company applied to the Foreign Funds Control Committee for the release of these funds.<sup>17</sup>

While willing to transfer Japanese funds to cover debts to STANVAC and despite Acheson's assurances to Indies officials, the Treasury would not unfreeze \$150,000 to Japan for the purchase of STANVAC oil Dutch authorities issued licenses for.<sup>18</sup> Because Japan depended on the United States for 80 percent of its oil and STANVAC and Shell for another 15 percent, the Treasury Department essentially embargoed oil exports to that nation.<sup>19</sup>

Another problem plaguing Japan was shortages of oil tankers. Since 1939, German and Italian merchantmen were barred from the Pacific while British vessels operated exclusively to supply the British Empire. During the spring of 1941, the allies removed from the seas the tankers of other nations operating in the Pacific.<sup>20</sup> Consequently, as is shown on Table 4, Japan was unable to transport nearly half of the oil contracted for through STANVAC and Shell between November 1, 1940 and August 5, 1941:

TABLE 4

STANVAC/SHELL DELIVERIES AGAINST BATAVIA CONTRACTS  
NOVEMBER 1, 1940 THROUGH AUGUST 5, 1941

(IN LONG TONS OF 2,240 LBS)

	CONTRACT QUANTITY	QUANTITY DELIVERED	BALANCE UNDELIVERED
CRUDE OIL (12 MONTH CONTRACT)	760,000	441,197	318,803

PRODUCTS (6 MONTH CONTRACT)	595,500	237,430	358.070
TOTAL	1,355,500	678,627	676,873

SOURCE: Contract quantities, Table V-1, Deliveries, Letter Walden to W. D. Crampton (Office of Petroleum Coordinator) cited in Irvine Anderson, The Standard-Vacuum Oil Company and United States East Asian Policy, 1933-1941 (Princeton, New Jersey: Princeton University Press, 1975), Table V-2, p. 156.

Moreover, Japan's total purchases from the United States declined between 1938 and 1941: 33.2 million barrels (1938); 29.9 million barrels (1939); 24.9 million barrels (1940); and 12.6 million barrels (first seven months of 1941).<sup>21</sup>

Although recognizing the United States might respond to their intrusion into southern Indochina by freezing their assets, Japanese leaders did not expect an oil embargo. On July 24, Japanese Foreign Minister Toyoda explained to the Liaison Conference that Japan had taken steps to minimize the effects of American embargoes on most items and he doubted the United States would halt shipments of oil.<sup>22</sup> Because Japanese cash and securities in the United States amounted to 550 million yen and American assets in Japan were 300 million yen, Toyoda reasoned Japan could almost balance out the impact of any freezing.<sup>23</sup>

According to American Commercial Attache Frank Williams in Tokyo, the Japanese responded to western

sanctions, "like the hunter preparing squirrel stew, they throw in all available scrap."<sup>24</sup> Their use of sweeping regulations and restrictions on the liberties of Americans in Japan reflected the Japanese perception that the West intended to use economic warfare to encircle Japan and strangle it.<sup>25</sup> When Ambassador Nomura protested that these gestures worsened relations with the United States, Foreign Minister Toyoda countered that Japanese commercial and economic relations with Britain and the United States were so "horribly strained that we cannot endure it much longer."<sup>26</sup> The Japanese government's harsh response was also intended to calm the Japanese people and placate influential groups that feared the government may cave in to American pressure.<sup>27</sup> Rather than convince the Japanese to temper their policies, economic sanctions reinforced their commitment to the Greater East Asia Co-Prosperity Sphere. Japanese leaders now faced a paradox: They could do nothing and grow weaker; give up the nation's hard won territorial gains in Asia to gain respite from sanctions; or make a final desperate move for autonomy through war.<sup>28</sup> The Japanese chose to gain time for their military by pursuing negotiations. On August 5, the Japanese government told Ambassador Nomura he should inform the United States that "for the purpose of preventing the possibility of letting anyone, either within or out of the country, be under the impression that...negotiations were conducted under the threat of

economic pressure, all measures which may be construed as being economic pressure should be abandoned at once."<sup>29</sup>

On August 6, Nomura presented Japan's proposals for negotiations:

1. Japan had no intention of sending troops farther than French Indochina and would withdraw them after the settlement of the China Incident.
2. Japan would guarantee the neutrality of the Philippines.
3. America would remove her armaments in the southwest Pacific.
4. America would assist Japan in obtaining resources in the Netherlands East Indies.
5. America would act as an intermediary in direct negotiations between Japan and China, and will recognize Japan's special position in French Indochina even after it withdraws its forces.<sup>30</sup>

Furthermore, Nomura conveyed Prime Minister Konoye's support for a summit conference between Konoye and Roosevelt.<sup>31</sup>

Though he recognized America's Four Principles were inimical to Japan's Greater East Asia Co-Prosperity Sphere, Konoye hoped Roosevelt would compromise and, as most Japanese did, he viewed a summit conference as a last attempt to avoid war.<sup>32</sup>

"As long as there is no change in Japan's policies," Hull explained to Nomura on August 6, "I lack confidence in relaying this proposal [summit conference] to the President."<sup>33</sup> Disillusioned and hardened by what he perceived as duplicity, Hull told an aide on August 2 that nothing would stop the Japanese except force but that he wanted to delay further action by them. Hull's sentiments underscored the

narrowing gap between administration hardliners and moderates.<sup>34</sup> When he returned to the Capitol during the first week of August, Hull learned that bureaucrats in the Treasury and Administrator of Export Control had imposed a de facto oil embargo against Japan, and he was uncertain whether to reverse steps already taken or adopt them as policy.<sup>35</sup> His resolution of the problem was complicated by the President, allegedly enjoying a mid-summer fishing trip along the northeast coast aboard the Potomac during the first week of August. He secretly transferred to the cruiser, Augusta, joining Sumner Welles, George Marshall, and Harold Stark sailing to Argentina, New Foundland. On August 9, Winston Churchill arrived aboard the Prince of Wales, and for the next three days they discussed wartime strategy and drew up the Atlantic Charter.<sup>36</sup> Besides wanting to safeguard the leaders from German submarine attacks, Roosevelt hoped secrecy would limit unwanted media coverage, reduce the number of American officials involved in discussions, and negate congressional opposition to his private talks with Churchill.<sup>37</sup>

On August 14, the administration released the Atlantic Charter to the press. As expected, isolationists lashed out at the effort as a secret American commitment for war; internationalists applauded the move as signaling greater American support for the allies. While the President hoped Americans would support the goals of the document, he was cautious in acceding to Churchill's request that he pursue

more active steps in the war. Besides seeking more military aid, the British Prime Minister proposed the United States, Britain, and the Dutch Indies warn Japan future encroachment into the southwest Pacific would be met with force.<sup>38</sup> Though he promised to maintain the Pacific Fleet and to enforce punitive economic measures against Japan, Roosevelt refused to promise direct military assistance to the allies.<sup>39</sup> To bolster American efforts, the President intended to use negotiations with Japan to gain time.<sup>40</sup> While his talks with Churchill were successful, the President's absence permitted misguided bureaucrats to fabricate rigid regulations.

When he met with Nomura on August 17, Roosevelt voiced interest in a summit conference but he stressed his concern over Japan's advances and the need for Japan to demonstrate its desire for peace.<sup>41</sup> Afterwards, Hull criticized Roosevelt's notion of using a summit to gain time, arguing that unless the two nations resolved their crucial differences, a meeting of the two leaders would fail, embarrassing both men and exacerbating tensions.<sup>42</sup> Convinced this was not the appropriate time for such a meeting, Roosevelt told Nomura on September 3 that before he could meet with Konoye, he needed assurances of Japan's willingness to accept Hull's Four Principles.<sup>43</sup> While Roosevelt and Hull knew Japan would not accept this, they hoped this would keep negotiations going without making concessions.<sup>44</sup>



By early September, Roosevelt realized various executive agencies had emplaced an oil embargo against Japan. Like Hull, he feared reversing these policies might give foreign leaders the impression the administration was moderating its position, causing embarrassment at home and abroad. Furthermore, this unofficial embargo would support Hull's negotiations with Nomura by giving the United States more leverage and would give the United States more time to prepare for war.<sup>45</sup> On September 5, Hull informed the Foreign Funds Control Interdepartmental Committee to pursue deliberate stalling tactics pending further "clarification...within the next few weeks."<sup>46</sup> Thus, after two years of debate, the President acceded to a total embargo against Japan. Furthermore, Roosevelt decided to streamline the administration's supervision of economic warfare, directing on September 15 that Wallace's Economic Defense Board absorb the State Department's Control Division and Maxwell's Administrator of Export Control.<sup>47</sup> Through this action the President finally erected the bureaucratic machinery to develop, synchronize, and carry out foreign economic policy.

Roosevelt's tacit acceptance of the embargo occurred concomitantly with the escalation of American involvement in the war. After a German submarine fired on the American destroyer Greer on September 11, the President issued a "shoot on sight" order, which amounted to an undeclared war against Germany. To the administration's delight, 62 percent of

Americans approved of the action.<sup>48</sup> Yet, as Lord Halifax correctly surmised, the American public was fickle.<sup>49</sup> To minimize inflaming his critics, Roosevelt avoided public and private commitments to intervene militarily to support the allies and refused to comment on American economic sanctions against Japan. Hence, on September 13, while the State Department informed British envoy R. I. Campbell there would be "no weakening on the economic front vis-a-vis Japan," it did not publicize the decision or alter regulations in a way that would support the completeness of the embargo.<sup>50</sup> On September 26, Dean Acheson reinforced the administration's position, telling the Dutch "through the medium of our freezing control, exports of petroleum to Japan have ceased and the Netherlands authorities may expect through the same control the same results will continue."<sup>51</sup> This executive silence was also intended to inculcate uncertainty in the minds of Japanese leaders in the hope of breeding restraint.

While important, these factors inadequately explain Roosevelt's sudden support for a total oil embargo when he had rejected it so many times in the past. As he reviewed reports indicating that economic sanctions were indeed hurting Japan, the President gained confidence in the military's ability to deter Japan. After he issued the freezing order on July 25, General Marshall and Admiral Stark warned commanders in the Pacific of the administration's policy and that though the United States expected no immediate hostile action, they

should take "appropriate precautionary measures against possible eventualities."<sup>52</sup> The President's vagueness confused military leaders as it had bureaucrats directing the order, causing Stark to complain to Admiral Kimmel on August 19 "if you do not get as much information as you think that you should get, the answer probably is that the particular situation which is uppermost in your mind has just not jelled sufficiently for us to give you anything authoritative."<sup>53</sup>

Meanwhile Stimson and army leaders emphasized improving the Philippines defenses, believing Japan would not attack Singapore with the Philippines sitting along its lines of communications.<sup>54</sup> Nevertheless, they noted Japan's amphibious warfare capabilities and the vulnerability of the Philippines to invasion.<sup>55</sup> To solve this dilemma, Stimson and army planners emphasized air power. Though they had recognized the value of long range bombers in the spring and summer, the importance of this weapon increased as diplomacy inadequate. On September 12, 1941, nine long range bombers completed a flight around the South Seas and landed at Manila. Stimson noted:

Just at this...moment when our state Department is trying to hold back the Japanese from going down into Indochina and Siam, this demonstration of air power to places planes which in the narrow seas can completely damage his line of ship connections with his expeditionary force is a most powerful factor and we have been busy for the last few weeks in reinforcing the Philippines <sup>56</sup> so that we will have a vital power to defend there.

As army and navy leaders exhumed confidence in their ability to use air power to provide a credible deterrence in the Pacific, the President was less reluctant to rely on total economic embargoes against Japan.<sup>57</sup> "The President had a good deal to say," Halifax informed Churchill on October 11, "about the great effect that their planting some heavy bombers at the Philippines was expected to have upon the Japanese."<sup>58</sup>

Administration hardliners and moderates agreed in September and October that economic warfare would support the administration's Far East policies, and that army defenses in the Philippines would buttress economic measures. "A strategic opportunity of the utmost importance has suddenly arisen in the southwestern Pacific," Stimson noted on October 21, "our whole strategic possibilities of the past twenty years have been revolutionized by the events in the world in the past six months. From being impotent to influence events in that area, we suddenly find ourselves vested with the possibility of great effective power."<sup>59</sup> Indeed, Roosevelt's advisors demonstrated an awareness of the linkage among negotiations, economic warfare and military power lacking in the spring and summer of 1941.

On the Philippines, General Douglas MacArthur accelerated efforts to form and train a Filipino army and strengthen island defenses. He scrapped old war plans stressing defense of the island fortress on Corrigedor, and adopted one calling for the defense of the beaches.<sup>60</sup> Despite his

heroic efforts, MacArthur was plagued by interservice bickering that complicated army-navy coordination; by animosities among senior army leaders who resented his appointment; by inadequately trained and poorly equipped forces; and by limited numbers of aircraft and untrained crews.<sup>61</sup> Though he expected to raise a Filipino army of 200,000 men by the end of 1941, by December 3, MacArthur had a force of only 29,000 Americans and 11,000 Filipinos.<sup>62</sup>

The Japanese recognized American forces on the Philippines and the Pacific Fleet threatened their advance south.<sup>63</sup> In this context, American-Japanese negotiations were a charade with neither nation willing to compromise. Some administration officials shared Stimson's sentiments that economic measures would eventually force Japan to make concessions and, on September 6, Stimson encouraged Hull to propose that Japan withdraw from that part of China south of Manchuria and make a commitment not to advance south.<sup>64</sup> At the same time, Stimson supported administration efforts to gain time, stressing the army needed three more months to complete defenses on the Philippines.<sup>65</sup>

With their oil reserves dwindling, Japanese leaders offered another list of proposals to the United States on September 6:

1. The United States and Great Britain would not interfere with nor obstruct Japan's settlement of the China incident. Furthermore, those nations would cease their aid to China and close the Burma Road.

2. Both nations would refrain from actions that threaten Japan such as securing military rights in the region and reinforcing existing forces.

2. Both nations would assist Japan in acquiring needed raw materials. They would also restore commercial relations with Japan and supply them goods from territories in the southwest Pacific that Japan needed to sustain herself.<sup>66</sup>

In return, Japan would agree not to advance militarily from bases in Indochina; withdraw its forces from French Indochina after a just peace had been established in the Far East; and guarantee the neutrality of the Philippines.<sup>67</sup>

While most of them expected the United States to reject these terms, Japanese leaders hoped to satisfy the Emperor that the government had exhausted all peaceful measures to secure the empire.<sup>68</sup> With oil reserves for only two years, the Imperial army and the Imperial navy conducted war games on September 10-13, confirming the practicality of Japan's southern strategy, including a surprise attack against the American fleet at Pearl Harbor and American forces on the Philippines.<sup>69</sup>

On October 2, Hull told Nomura the September 6 proposals were a "source of disappointment"; though Japan appeared to accept the Four Principles, it was only with "qualifications and exceptions to the actual applications of those principles." Furthermore, Japan's intentions with regards to the Tripartite Alliance, freedom of trade and forces in China were still obscure. With the collapse of negotiations imminent, Prime Minister Konoye pleaded with the

military to extend the October 15 deadline for a peaceful settlement of the situation. When they refused, he resigned and, four days later, General Tojo became Prime Minister.<sup>70</sup>

American officials scrutinized Japanese events following Konoye's resignation. Ambassador Grew reported economic sanctions were hurting Japan's economy and war was a possibility.<sup>71</sup> On October 16, Admiral Stark warned subordinate commanders the situation could lead to war and advised them to take "preparatory deployments as will not disclose strategic intentions nor constitute provocative actions against Japan."<sup>72</sup> Interestingly, though they supported administration efforts to use negotiations to gain time in the Pacific, army and navy leaders feared such talks might lull Americans into a sense of tranquility when they needed to be preparing for war.<sup>73</sup>

During the week of October, Japanese leaders discussed strategy. Officials rejected delaying attacks until spring 1942 because this would give the British and the Americans more time to prepare their defenses, would allow Russia to recover from the German offensive, and would leave Japan with oil reserves for only eighteen months.<sup>74</sup> On October 28, Director of the Planning Board Suzuki, responsible for developing conservation policies, explained to the Liaison Conference that available raw materials and oil supplies would support two years of war. Postwar studies indicate that Suzuki's estimates of supplies and consumption rates were

accurate.<sup>75</sup> Conservation efforts led to a decline in civilian consumption from 63 million barrels in 1940 to 1.5 million barrels in 1941. The Japanese leaders believed that their oil situation was unsecure and that they could not delay hostilities.<sup>76</sup> After deciding on initiating war within the next several weeks, Japanese leaders used negotiations to provide time for military preparations, to divert allied attention away from Japanese military activities, and to make a final attempt to secure their objectives without force.

They devised Plan A and Plan B. Under Plan A, Japan would withdraw from China and Indochina after a settlement of the China conflict; maintain a military presence in key areas for twenty years; and interpret its obligations under the Tripartite Pact independently of the other Axis powers. In exchange for American approval of these offers, Japan promised not to discriminate against western trade in Asia.<sup>77</sup> Plan B, which Nomura was to offer if the Americans rejected Plan A, made no mention of the Tripartite Pact or the removal of forces from China. Japan would agree to withdraw its soldiers from southern Indochina after the settlement of the China incident. In return the United States would desist from interfering in Japan's negotiations with China, assist Japan in acquiring raw materials, and resume normal trade relations.<sup>78</sup>

In November, most of Roosevelt's advisors recognized economic warfare had failed and negotiations were reaching a



climax. Some believed there was still a slim possibility that American forces in the Philippines and the Pacific Fleet at Pearl Harbor might deter Japan. On November 5, Stark and Marshall offered the President two situations in which the United States should use force:

1. A Japanese attack against the territory of the United States, the British Commonwealth, or the Netherlands East Indies.
2. Japan's advance into Thailand West of 100° East or 10° North; or into Portuguese Timor, New Caledonia, or the Loyalty Islands.

Under no circumstances, they argued, should the United States intervene in China, deliver an ultimatum to Japan, or invoke further economic sanctions.<sup>80</sup>

In a letter to Hull on November 3, Ambassador Grew explained economic pressure would not cause Japan's collapse as a militaristic power. Though economic sanctions might induce Japan to negotiate, he explained, unsuccessful talks might cause Japanese leaders to commit the nation to a "do-or-die" attempt or "a national hara-kiri" to make Japan impervious to foreign economic embargoes.<sup>81</sup> Hornbeck disagreed, claiming Japan was bluffing.<sup>82</sup>

By November 6, the Cabinet agreed the United States should support the British and the Dutch if Japan attacked their territories. Roosevelt was uncertain this was the best course, telling Stimson "he might propose a truce in which there would be no movement nor armament for six months," allowing the United States and Japan more time to work out an

agreement.<sup>83</sup> Stimson described the gesture as tying "our hands just at a time when it was vitally important that we should go on completing reinforcement of the Philippines."<sup>84</sup> Nevertheless, Roosevelt was committed to some form of diplomatic delay, telling Hull on the morning of November 7, "Let us do nothing to precipitate a crisis."<sup>85</sup>

Three days later Hull received Plan A from Nomura. As the administration considered counter-proposals, Treasury official Harry Dexter White proposed the United States offer to withdraw the bulk of its military from Asia, sign a twenty year non-aggression pact with Japan, promote the settlement of the Manchurian question, advocate placing Indochina under the control of a multinational commission, give up extraterritorial rights in China, repeal restrictive immigration laws, negotiate trade agreements with Japan, and assure Japan access to raw materials.<sup>86</sup> Japan, in turn, would withdraw forces from China, recognize the government of Chiang Kai Shek, restore the Chinese border of 1931, withdraw from Indochina and Siam, give up extraterritorial rights in China, extend loans to China, remove troops from Manchuria, sell the United States seventy-five per cent of its output of war material, expel German advisors, and negotiate economic and non-aggression pacts with the western powers.<sup>87</sup> White believed these terms offered the basis for a durable peace in Asia.

Though he perceived White's recommendations as another example of the Treasury's intrusion into foreign affairs, Hull considered them. Meanwhile, Roosevelt decided to pursue an interim agreement and on November 17, he directed Hull to seek a six month truce with Japan in which the United States would resume commercial relations with Japan and sponsor talks between it and China. In return, Japan would send no additional troops to Indochina, the Manchurian border or "any other place south."<sup>88</sup> This was a shrewd move, for if the Japanese accepted it, the allies would have gained valuable time to strengthen defenses and stabilize the European situation.

On November 20, Ambassador Kurusu presented Hull Plan B and though Hull found it unacceptable, he used it as the basis for counter-proposals. Four days later, the administration completed its preparation of a Modus Vivendi, stressing America's peaceful intentions, commitment to stopping further military advances in Asia, and willingness to resume normal trade relations; Japan was to withdraw from southern Indochina and limit its forces in Indochina to twenty-five thousand men. The agreements would operate for three months while the two nations continued to negotiate.<sup>89</sup>

Before they were presented to the Japanese, the proposals came under sharp British and Chinese attack. In reply to one British representative's comments on November 24, Hull said, "Each of your governments has a more direct

interest in the defense of the area of the world than this country, yet...they expect this country, in case of a Japanese outbreak, ...to move in a military way and take the lead in defending the entire area."<sup>90</sup> The following day, the Cabinet continued the quarrel over the interim agreement. A frustrated Hull told Stimson the criticism by the Chinese and the British, as well as opposition from within the administration convinced him, "to give up the whole thing as respect to a truce and to simply tell the Japanese that he had no further action to propose."<sup>91</sup> The Secretary of State decided to present a ten point "proposed basis for agreement" that rehashed the original American position.<sup>92</sup>

On November 26, the administration learned a Japanese expedition departed Shanghai towards Indochina. According to Stimson, Roosevelt "jumped up into the air, so to speak," upon learning of this and exclaimed this, "changed the whole situation because it was evidence of bad faith on the part of the Japanese that while they were negotiating for an entire truce-- and entire withdrawal--they should be sending this expedition down to Indo-china."<sup>93</sup> Japanese actions indicated that the American modus vivendi would have been a futile gesture. The military chiefs reemphasized their previous assessments: Japan would most likely attack Thailand and prepare to move against Singapore.<sup>94</sup> A weary Hull turned to Stimson and said: "I have washed my hands of it

[diplomatic negotiations] and it is now in the hands of you and Knox--the army and the navy."<sup>95</sup>

The following day, Roosevelt outlined three options: do nothing; make certain ultimatums; or fight at once.<sup>96</sup> The President and the Cabinet agreed the allies could not tolerate a Japanese drive into Thailand. Still hoping to avoid war, the President suggested sending the Emperor an ultimatum. Stimson explained because of the Emperor's status as a deity, such a note would be counterproductive. Instead, Stimson stressed the importance of decisive executive leadership, arguing the President should explain the situation to the American people to prepare them for war.<sup>97</sup> Unconvinced, Roosevelt continued to favor a message to the Emperor.

Having learned of Japan's impending attack, the British urgently sought clarification on November 29 of the American position. In a meeting with Lord Halifax two days later, the President emphasized if Japan attacked British or Dutch territories "we shall obviously be all together."<sup>98</sup> Unwilling to state clearly the United States would defend British territories with force, Roosevelt discussed American bombers in the Philippines and a "long distance naval blockade."<sup>99</sup> Roosevelt was particularly concerned Americans would interpret any commitment to defend the territories of other nations as proof he wanted to get the nation into war. Consequently, on December 3 and December 4, he told Halifax he preferred that each nation issue separate warnings to Japan

with the United States going first to demonstrate to Americans the United States was acting on its own.<sup>100</sup>

The President's hesitancy was supported by a poll during this period indicating only 69 percent of Americans were willing to risk war with Japan to prevent it from becoming more powerful and only 51 percent believed the nation would go to war with Japan in the near future.<sup>101</sup> After four years of cautious foreign policies and countless efforts to communicate to the public the portentous situation abroad, Roosevelt was faced with a nation divided over definitions of vital interests and unprepared for war. The situation underscored the hazards of Roosevelt's inclination to base foreign policy initiatives on the public's receptiveness. As Japanese forces continued their advance toward Indochina, on the eve of December 6, Roosevelt sent a personal appeal for peace to the Emperor.<sup>102</sup>

The Japanese expected the American rejection of Plan B on November 27. The Pearl Harbor strike force departed the day before and by November 30, the high command dispatched final orders to commanders.<sup>103</sup> American intelligence personnel watched the MAGIC intercepts for indications of where the Japanese were going to attack. Fortunately for the United States Navy, of the nation's seven aircraft carriers only three were assigned to the Pacific Fleet and all were out of port on the morning of December 7. When the Japanese struck, they

failed to destroy these important targets, condemning Japan to eventual defeat.<sup>104</sup>

At 8:20 PM on December 7, Roosevelt, surrounded by his closest advisors and prominent congressmen, pondered the morning's debacle. Senator Tom Connolly spoke for all when he asked, "How did they catch us with our pants down, Mr. President?"<sup>105</sup> Still, this strategic defeat was a political victory for Roosevelt. After months of evasiveness and postponement, the President could blame the Japanese for causing the war. Four days later, Germany declared war, freeing Roosevelt to commit the United States to the destruction of the Axis.

When Roosevelt froze Japan's assets on July 25, he hoped to show Americans, allies, European dictators, and Japan his administration stood firm against Japanese adventurism. His instructions to his Cabinet revealed he was more concerned with symbolism than in embracing policies to strangle Japan's military and economy. Nonetheless, executive vagueness, imprecise foreign policy objectives, rivalries among presidential advisors, unguided mid and low level bureaucrats, bureaucratic inertia, and the President's absence during the first half of August led to a de facto oil embargo against Japan. When he realized in late August that this occurred, Roosevelt perpetuated the policy rather than risk signaling Japanese leaders the United States was backing down. Furthermore, he came to share the confidence of his advisors in the

capabilities of the Pacific Fleet and long range bombers positioned on the Philippines to deter Japan.

By September 1941, economic sanctions were ensnared in American-Japanese negotiations. During the previous year, Hull stressed his Four Principles while trying to drive a wedge between Japan and the Axis powers. After the Roosevelt-Churchill meeting in August, the negotiations came to represent a way to delay hostilities. Meanwhile, various intelligence reports indicated the freezing order was hurting Japan and Japanese envoys included a demand the United States resume normal trade relations along with their previous terms. As the Roosevelt administration used sanctions to pry concessions from the Japanese during September, the American negotiating position became a tangle of objectives lacking priority and direction. By mid-October, Roosevelt recognized this hastened the impending conflict and he suggested resuming normal trade relations as part of a temporary arrangement in the hope of delaying war. Thus, after two years of debate, hardliners discovered strangling Japan's military and economy through economic warfare was a difficult task, involving tremendous risks.



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- 104 Thomas C. Hone, "The U.S. Navy's Defeat at Pearl Harbor: A Strategic Failure," Draft study prepared for Director, Center for Naval Warfare Studies, U.S. Naval War College, December 1983, pp. 1-4, 1-5.
- 105 John Toland, Infamy: Pearl Harbor and Its Aftermath (New York: Berkley Books, 1982), pp. 12-14.

## CONCLUSION

The military strategist Clausewitz wrote that every military operation should be directed towards a clearly defined, decisive and attainable objective. A nation's strategic objective during war should be to apply whatever degree of force necessary to accomplish the political purpose for which it is fighting. It is essential, he explained, that the political purpose be clearly defined and attainable by the considered application of the various elements of a nation's power.<sup>1</sup> If war is a continuation of diplomacy through other means, then these observations apply to Japanese-American relations in 1940 and 1941; for though the two nations were not engaged in a shooting conflict, their's was a diplomatic confrontation on the fringes of war. A cornerstone of American policy towards Japan was economic warfare. Poorly conceived and ineffectively executed, economic sanctions contributed to a foreign policy debacle, hastening the conflict the administration hoped to avoid or delay.

Not until the President determined and defined the political purpose of the United States in Asia could his advisors identify and develop strategic objectives.<sup>2</sup> For more than two years, Roosevelt's aides debated economic warfare against Japan. Vaguely alluding to threats against the



nation's interests, Hornbeck, Ickes, Morgenthau, Knox, and Stimson advocated strict measures to contain Japan and to strangle its economy and military. Hull, Welles, Marshall, Stark, and their supporters rebuked firmness as reckless, endangering the Dutch East Indies and the Philippines. These same individuals, however, supported limited action to demonstrate America's scorn for Japanese actions in China and to encourage Japanese leaders to negotiate. Roosevelt was uncommitted to either view. Secretary of War Stimson once said the President could, with unqualified political skill, save the way for a specific step, but in so doing, "he was likely to tie his hands for the future, using honeyed and consoling words that would return to plague him later."<sup>3</sup> To retain control over final decisions, Roosevelt dispersed responsibilities for foreign economic activities to various individuals and agencies. Such a system contributed to bureaucratic strife as agencies sought to expand their prestige and influence, and intensified personal rivalries among individual administrators. Distracted by the European war and the crisis in Asia during the summer of 1941, Roosevelt lost control of the policy making process.

While they both agreed on freezing Japan's assets in July 1941, hardliners hoped to strangle Japan into submission; moderates sought to encourage Japanese concessions during negotiations. Roosevelt's vagueness when issuing the July 25 directive confused advisors and executive agencies. During

the President's absence in the first half of August, bureaucrats implementing the executive proclamation embraced the hardliner approach and effectively embargoed oil.

Several factors justified the hardliner position. Japan depended on raw material imports to meet its industrial and military needs. Oil, the most important of these, was imported from mainly the United States and the Dutch East Indies. Furthermore, STANVAC and Shell oil companies, Japan's alternate sources, cooperated with the Roosevelt administration. A limited domestic tanker fleet and the non-availability of foreign transports aggravated Japan's unsecure oil position. These circumstances, hardliners argued, made economic warfare a safe and effective way to roll back Japanese conquests.

Juxtaposed against these advantages were the realities of the Japanese situation. The Japanese government stockpiled oil and enforced strict conservation, securing enough oil for two years of war. Even if the United States and associated powers severed oil supplies, there would have been no immediate effect. To buffet American restrictions on exports of other raw materials, machinery, and industrial processes, Japan developed substitutes and found other sources. Though sanctions stressed Japan's reserves, they also vindicated arguments of Japanese militarists that the West intended to encircle and destroy the empire. Those favoring war used these arguments to increase their influence

in the government and to manipulate government policy to meet their goals. While Roosevelt administration moderates ascertained many of these conditions, they harbored unrealistic hopes of attaining a negotiated settlement. Japan was devoted to its destiny as the ruler of Asia and this was sacred and nonnegotiable.

American policy was also closely tied to the aspirations and fears of the American people, who favored aid to the allies and opposed direct involvement in the war. Clausewitz observed "it would be an obvious fallacy to imagine war between civilized people as merely resulting from a rational act on the part of the government and to consider war as gradually ridding itself of passion."<sup>4</sup> Roosevelt understood this and to him sanctions were symbolic, useful in convincing Americans to support the allies and oppose the Axis. No response to Japan's advances into southern Indochina, he reasoned, would have appeared cynical when he condemned Germany's unbridled aggression in Europe.

Domestic political considerations did not negate the risks inherent in the administration's policies. The army was too small, untrained and poorly equipped. In August 1941, Congress extended the draft by a one vote margin, and forbade the President from using drafted soldiers "overseas."<sup>5</sup> Though the administration hoped the air force would enhance deterrence, aircraft were too few and too dispersed. With the United States sharing new aircraft production with allies, the

situation had not improved by late 1941. America's one ocean navy, already overextended with far flung missions, was further taxed as Roosevelt adopted harsher economic measures. While some military officials supported firmness against Japan in 1940 and 1941, the majority opposed such action. Believing economic sanctions were weapons of war, they opposed their use in peacetime unless the President was prepared to commit the nation to war. Though he appears to have accepted these views, Roosevelt persistently associated naval blockades with economic sanctions, revealing his conviction that blockades were not an act of war.

Two hours before the first bomb dropped at Pearl Harbor, Japanese soldiers landed at Kota Bharu on the Malay Peninsula. On February 15, 1942, Singapore fell and by the end of May, Japan controlled the Indies. Dutch and British forces destroyed the huge Soengi Gerong Refinery in Sumatra, sealed the oil wells in the Talang Field with cement, severed connecting pipelines, and sabotaged other facilities.<sup>6</sup> The Japanese, anticipating such damage, included in the invading forces experienced oil field workers and technicians to restore oil operations. By the end of 1942, Japan transported to conquered territories 70 percent of its skilled oil workers. Within two months, Japan was producing oil from newly drilled and repaired wells.<sup>7</sup> Table 5 indicates that by 1943, they restored output to nearly fifty million barrels of crude oil, representing 75 percent of that produced in 1940:<sup>8</sup>

TABLE 5

PRODUCTION AND DISPOSITION OF CRUDE OIL,  
SOUTHERN ZONE, 1940-45

(in thousands of barrels)

Fiscal Year	Production of Crude Oil in Southern Zone	Crude Oil and Refined Products from Southern Zone Received in Japan	Crude Oil and Refined Products Consumed or Lost in Southern Zone
1940 .....	65,100	.....	.....
1942 .....	25,939	10,524	15,415
1943 .....	49,626	14,500	35,126
1944 .....	36,928	4,975	31,953
1945*.....	6,546	0	6,546

SOURCES: Rough estimates by Japanese Army-Navy Oil Committee in Tokyo and Fuel Bureau, Munitions Ministry. Due to the destruction of records at Singapore by the Japanese, the data are approximate. No division between consumed and lost in southern zone is possible. For detailed statistics on Japan's wartime oil position see Appendix C of "The Effects of Strategic Bombing on Japan's War Economy," USSBS, U.S. Government Printing Office, Washington, D.C., December 1944, pp. 134-44; Jerome B. Cohen, Japan's Economy in War and Reconstruction (Minneapolis, Minnesota: University of Minnesota, 1949), Table 16, p. 140.

Japan's optimism in the summer of 1941 that it could successfully wage war against the allies was founded on their two year supply of oil reserves, estimates of synthetic oil output, and assessments of the raw materials they could withdraw from occupied territories.<sup>9</sup> By December 7, 1941, oil reserves dwindled to forty-three million barrels, less than leaders hoped to begin war with, but still sufficient for their purposes.<sup>10</sup> As shown in Table 5, Japanese experts estimating synthetic oil production in 1937 did not foresee the manufacturing problems that severely limited production:

TABLE 6

## JAPANESE SEVEN-YEAR PLAN FOR SYNTHETIC OIL PRODUCTION, INNER ZONE, 1937-43

(in thousands of barrels)

Fiscal Year	Planned Production	Actual Production	Percent Actual of Planned
1937 .....	550	31	6
1938 .....	920	69	7
1939 .....	3,073	135	4
1940 .....	5,847	150	2.5
1941 .....	7,816	1,222	15
1942 .....	11,368	1,501	13
1943 .....	<u>14,046</u>	<u>1,048</u>	<u>8</u>
Total ....	43,620	4,156	9

SOURCE: Planned production from Synthetic Oil Industry Law of 1937; actual production figures from Imperial Fuel Industry Co.; Jerome B. Cohen, Japan's Economy in War and Reconstruction (Minneapolis, Minnesota: University of Minnesota, 1949), Table 15, p. 137.

Even though Suzuki's Cabinet Planning Board provided more realistic estimates to the government prior to Pearl Harbor, Japanese leaders still hoped to fill gaps in oil supplies through this source.<sup>11</sup>

The greatest barrier to Japan's ability to attain a secure oil position was lack of transport. Having begun the war with 575,000 gross shipping tonnage, Japan increased this an additional 834,000 gross tons by 1943, 75 percent of which was used to move oil from Southeast Asia.<sup>12</sup> Their hopes were dashed when the number of sinkings rose from 4,740 tons in 1942 to 38,016 tons in 1943, and to 754,106 tons in 1944.<sup>13</sup> Though it attempted to make up losses of imported oil by

increasing domestic production and by imposing stricter conservation, Japan was forced to curtail military operations. By 1945, Oil inventories declined to 3 million barrels, with domestic production unable to replace that amount.<sup>14</sup>

Japan's wartime oil situation underscores the problems associated with the administration's reliance on economic sanctions to weaken that nation's military and economy, to compel it to modify its foreign policies, and to convince it to change its negotiating stance. In retrospect, economic warfare may have supported these objectives if the United States and the associated powers would have agreed on joint action before September 1, 1939. Through a total trade embargo and naval blockade, they may have compelled Japan to compromise, and, if Japan chose war, they could have swiftly defeated it. Unified action, however, was unlikely during the 1930's. The European democracies were more concerned about German and Italian threats and were unwilling to risk forces in Asia. What's more, they distrusted the United States with its citizens embracing isolationism and opposing cooperative action with the Europeans. Following the outbreak of World War II, joint action was not feasible. Hitler's armies swept across Europe and Africa, depleting allied forces. If the United States had unilaterally embargoed Japan, it would have had to resort to force. Recognizing the American people would not support war in the Far East without compelling cause, lacking sufficient military forces to conduct such a war, and

unwilling to commit the nation to the defense of its allies, Roosevelt relied on Japan's leaders bowing to American economic pressure. He disregarded that nation's military might, failed to appreciate its commitment to expansionism, and ignored its willingness to risk war.

While the Roosevelt administration erred in its approach to Japan, it would be incorrect to characterize its actions as an aberration of American foreign policy. In an effort to prevent the confusion of pre-World War II American foreign policy making, President Harry Truman and Congress enacted the National Security Act of 1947. This measure provided for a "comprehensive program for the future security of the United States" through the creation of "integrated policies and procedures for the departments, agencies, and functions of the Government relative to the national security."<sup>15</sup> To eliminate the impenetrable labyrinth of organizations Roosevelt established prior to and during the war, the law reorganized existing agencies and created new ones, forming the Department of Defense, the National Security Council, and the Central Intelligence Agency.<sup>16</sup> Although reformers hoped this would eliminate duplication of bureaucratic effort and lead to effective, efficient, and economical national security policies, the improvements did not resolve crucial problems that plagued the Roosevelt administration in 1940 and 1941.



Though streamlining executive agencies facilitated the president's integration of foreign and military policies, it did not dispense with bureaucratic infighting, prevent organizational inertia, nor eliminate personal rivalries among advisors and bureaucrats. Furthermore, the president still defined national interest, priorities and objectives; and he still had to consider public opinion. While America's postwar position as a world power reduced public resistance to involvement overseas, postwar administrations were still sensitive to prevailing American attitudes. Similarly, while the nation's military strength increased executive flexibility, it did not reduce the risks of miscalculation or poorly conceived policies. The folly of economic sanctions during 1940 and 1941 reflected inconsistent desires of the American people to aid the allies and take a stand against the Axis, but not to go to war. While fulfilling these contrary ambitions, economic warfare did not safeguard the nation's Asian interests and did not prevent hostilities.

## ENDNOTES TO CONCLUSION

<sup>1</sup> Carl Vom Clausewitz, On War (edited by Anatol Rapoport) (New York: Penguin Books, 1983), pp. 109-110; Harry G. Summers, On Strategy: A Critical Analysis of the Vietnam War (New York: Dell Publishing Company, 1982), p. 262.

<sup>2</sup> Summers uses a similar analysis to describe American policy in Vietnam in On Strategy, p. 262.

<sup>3</sup> Henry L. Stimson and McGeorge Bundy, On Active Service in Peace and War (New York: Harper and Brothers, 1947), p. 374.

<sup>4</sup> Carl Vom Clausewitz, On War, (edited and translated by Michael Hower and Peter Paret) (Princeton, New Jersey: Princeton University Press, 1976), Book 1, p. 76.

<sup>5</sup> Robert Dallek, Franklin D. Roosevelt and American Foreign Policy (New York: Oxford University Press, 1979), pp. 277-278.

<sup>6</sup> Irvine H. Anderson, The Standard-Vacuum Oil Company and United States Asian Policy, 1933-1941 (Princeton, New Jersey: Princeton University Press, 1975), p. 193.

<sup>7</sup> Ibid., p. 194.

<sup>8</sup> Jerome B. Cohen, Japan's Economy in War and Reconstruction (Minneapolis, Minnesota: University of Minnesota, 1949), p. 140; United States Strategic Bombing Survey, The Effects of Strategic Bombing on Japan's War Economy, vol. 53, (Washington, D.C.: U.S. Government Printing Office, 1946), appendix C., pp. 134-144.

<sup>9</sup> Cohen, Japan's Economy in War and Reconstruction, p. 134.

<sup>10</sup> Ibid.

<sup>11</sup> With passage of the Synthetic Oil Industry Law of 1937, Japan undertook a seven year plan for synthetic oil products which pointed to a goal of 14 million gallons by 1943. President of the Cabinet Planning Board Suzuki provided more accurate figures in a meeting of the Imperial Conference on November 5, 1941. During subsequent years, there was a significant gap between Japan's long range plans and actual

production. See Cohen, Japan's Economy in War and Reconstruction, pp. 134-140; Nobutaka Ike, ed., Japan's Decision for War: Records of the 1941 Policy Conferences (Stanford, California: Stanford University Press, 1967), pp. 218-222.

<sup>12</sup> Cohen, Japan's Economy in War and Reconstruction, p. 142; David MacIsaac, ed., The United States Strategic Bombing Survey, vol. VII (New York: Garland Publishing, Inc., 1976), pp. 11-12.

<sup>13</sup> Cohen, Japan's Economy in War and REconstruction, p. 142; Irvine Anderson, Standard-Vacuum Oil Company, p. 194; United States Strategic Bombing Survey, Effects of Strategic Bombing on Japan's War Economy, Vol. 53, pp. 41-44.

<sup>14</sup> Anderson, Standard-Vacuum Oil Company, p. 194; Cohen, Japan's Econcnmy in War and Reconstruction, p. 142-144. According to Cohen, the Japanese attempted to overcome shortages in tankers by shipping oil from the East Indies to Singapore in large rubber bags holding 300 to 500 barrels which were towed by tugs. This method failed because filling and emptying the bags was difficult and aviation gasoline, the priority cargo, destroyed the rubber bags. Moreover, towing difficulties decreased the maneuverability of ships and made them more vulnerable to air attack.

<sup>15</sup> U.S. Senate, Hearings on Armed Services: Bill to Promote National Security by Providing for National Defense Establishment, 80th Congress, (1st Session S. Res 758), March 18, 20, 25, 26, and April 1, 2, 3, 1947, p. 1.

<sup>16</sup> Ibid.

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